ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 183 Number 5544 New York 7, N. Y., Thursday, June 21, 1956 Price 40 Cents a Copy

EDITORIAL

As We See It

One of the complaints of the steel union is that the recent offer of the leading companies does not adequately reward the workers for their increase in productivity in recent years. We, of course, have no way of knowing whether this assertion is to be taken as a mere bit of propaganda, which does not interest itself much in the facts, or whether it reflects a deplorable naivete all too common nowadays about the nature and causes of what has become popularly known as "productivity." What we do know is that the facts about increases recently achieved in output per man-hour in the steel industry afford little if any logical basis for claims to higher rates of pay. What is true in this regard of the steel industry is, incidentally, true of other industries also, but it is the steel industry that is now in the public eye and it is the leader of the steel workers who implies in an impassioned statement that an enlargement in the output of the men entitles them to liberal rewards in the form of higher wages and the like.

It is unfortunate that the terms, "productivity" or more fully "productivity of labor," should have been permitted to become such excellent tools for laying a false basis for the determination of wages. Technically, of course, these terms mean merely total output divided by the number of man-hours devoted to that production. That is to say, if a hundred thousand men worked one hundred hours to produce a given quantity of steel we should have ten million man-hours devoted to the production of that steel. If the output came to, say, ten million tons, we should have productivity rate of one ton of steel per man-hour. For the most part, official productivity figures

Continued on page 36

Financing Economic Growth

By HON. W. RANDOLPH BURGESS*
Under Secretary of the Treasury

That "we are doing pretty well, but not quite well enough," prompts Under Secretary of the Treasury to outline a program to assure a continued savings flow adequate to meet the surging pressures for economic expansion and to assure a non-inflationary dollar. Mr. Burgess rebuts those claiming we are on the road to insolvency in pointing out that Americans are a saving people both as individuals and in the operation of business, but does call attention to the drop in net personal savings as a percentage of disposal income from 8 to 6%, and that demands for capital are running ahead of the country's savings.

Behind the clouds of war, both hot and cold, a tremendous economic change has taken place in America.

Because we have been focusing on military strength, this change has come on us without our quite realizing it. For years American economic thinking, when not concerned with wars and armaments, has been colored by the depression of the 30's. That depression was so far-reaching and so damaging that it led people to think in defeatist terms. It led to the belief in the "mature economy" theory, which was to the effect that this country had stopped spontaneous, vigorous, upward growth and could only make progress by Government intervention of one kind or another.

W. R. Burgess

According to that theory, the challenge of the "frontier" was gone and two of the greatest industries which had developed the country — the railroad industry and the automobile industry — could no longer be counted on for stimulus. Population growth was leveling off and was facing an eventual decline.

In the past few years events have occurred which

Continued on page 30

*An address by Mr. Burgess before the Graduate School of Banking, American Bankers Association, Rutgers University, June 15, 1956.

German Chemical Imports —Are They a Threat?

By DR. W. ALEXANDER MENNE*
President, Association of German Chemical Industries

In refuting fears of German chemical competition, Dr. Menne reveals: (1) U. S. chemical sales to Germany eclipse by far sales here—which amount to only 0.2% of U. S. output; (2) the U. S. dominates world chemical market; (3) labor costs are about the same; and (4) economic disallocation caused by territorial dismemberment is responsible for changed German chemical situation, allows U.S.S.R. political dumping of East and Central German output, and requires, more so than ever, exports in order to import. Endorses European integration programs, praises Marshall Plan, and urges German re-unification.

I am well aware that your association represents the largest and strongest chemical industry in the world today. The very cordial reception you have given me is all the more appreciated. You know the stories one sometimes hears about Germany's invasion of the American chemical market—well, the parable of the kitten and the elephant takes care of that. The story goes that the two animals found shelter under the same roof —whereupon the elephant turned to the kitten and said: What are you doing here? Don't you see there isn't room enough for both of us?

Dr. W. A. Menne

But I am sure that kind of situation doesn't hold here. I think there's room for all of us in this wide world. Meanwhile, your country has reached the highest peak of production and standard of living in the history of mankind. And your chemical industry is as vital to the entire world as it is

Continued on page 36

*An address by Dr. Menne before the Annual Conference of the Manufacturing Chemists' Association, White Sulphur Springs, June 8, 1956.

PICTURES IN THIS ISSUE—Candid photos taken at the Annual Spring Field Day of the Bond Club of New Jersey appear on pages 25, 26, 27 and 28.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Hilton Hotels Corporation—H. R. Amott, President, Amott, Baker & Co., Inc., New York City. (Page 2)

North Canadian Oil, Ltd.—J. C. Luitweiler, of Hayden, Stone & Co., New York City. (Page 2)

H. R. AMOTT

President, Amott, Baker & Co., Incorporated, New York City
Members New York Stock Exchange

Hilton Hotels Corporation

The growth of hotel chains during the past decade has developed extraordinary new techniques and efficiency in hotel operation. By the application of scientific management principles, the major chain operators have built up the most effective and profitable system of hotel operation ever achieved by the industry. Financially, these chain operators are not only the strongest in the industry but also enjoy the best position statistically they have ever experienced.

Harry R. Amott

Outstanding among the major chains is the Hilton Hotels Corporation, which ranks first in size and in the scope of its operation amongst all of its competitors in the industry. On May 29, 1956, the Hilton company celebrated the 10th anniversary of its incorporation. During this period the company has grown from a chain of nine hotels with total assets of about $60 million to 30 hotels throughout the world and total assets of more than $170 million.

This remarkable growth could not have been achieved without management of the highest order. While Conrad N. Hilton, as the principal executive officer and largest stockholder, has given inspired leadership to this company, the top management team with which he has surrounded himself is equally deserving of the finest praise for the organization's many accomplishments.

Unquestionably, the most important single development in the company's growth during the past two years was the purchase of the Statler Hotels chain in October, 1954. This extraordinary deal, involving the then second largest hotel chain in the country was accomplished with a minimum of capital through an ingenious piece of financing. For the purchase, Hilton organized the Statler Hotels Delaware Corporation, which bought the physical properties largely on borrowed money. Hilton then entered into a long term lease of these properties at a rental sufficient to guarantee payment of Statler's debt obligations and provide the Statler stockholders with an adequate return to assure the recapture of their capital investment within less than five years while preserving a most valuable equity for the future. Hilton's shareholders reaped a double profit from the deal by being given rights to purchase the Statler Delaware stock from which they have profited handsomely.

In addition to the Statler acquisition, Hilton has been rapidly developing its flourishing international operations through its wholly-owned subsidiary, Hilton Hotels International, Inc. This company is successfully operating properties in Puerto Rico, Madrid and Istanbul and has contracted to operate hotels now under construction or planned in Mexico City, Acapulco, Havana, Cairo, Montreal, Bangkok, Berlin, Tokyo and Rome. These hotels are built and owned by the governments or business interest of the countries in which they are situated, with Hilton supplying management and working capital, usually retaining one-third of the operating profit. This arrangement has the advantage of limiting risks and providing opportunities for substantial profits without the necessity of committing large amounts of capital. All of these foreign hotels are of the latest design, providing the finest in hotel facilities in key cities abroad. Hilton's rapid expansion of its foreign operations should contribute materially to the company's earnings within the next several years.

Apart from Hilton's tremendous growth potential abroad, the company has by no means satisfied its quest for first class hotels within the United States. Earlier this month, plans were announced to build a $15 million, 800-room hotel in Pittsburgh's Gateway Center development. Construction is slated to begin in six months and be completed late in 1958 or early in 1959. Less than a month ago, the company announced plans to build hotels in Detroit and Kansas City when negotiations, now in an advanced stage, were completed. In addition, Hilton is said to have preliminary plans for the creation of other new hotels—all approximately of the 1,000-room class—in six other major cities throughout the South and Far West.

To minimize risks and avoid the use of large amounts of capital, the major equity investment for many of the new hotels may be provided by local interests. As more new hotels are built, Hilton may be expected to continue its policy of selling its older properties for capital gain. Thus, within a relatively few years, Hilton, with a minimum of capital and little, if any, dilution of its stockholders' equity, may conceivably be operating virtually all new hotels of the finest, most modern design. Debt obligations, in addition, would be held at a minimum and the profits from property sales could be converted largely to cash and securities.

The present book value of Hilton's common, estimated at less than $40 per share, is far below the realization value of its fixed assets. The best evidence of this fact is that the company has consistently realized substantial profits from all of its property sales.

This year, management has estimated profits will total at least $9.50 per share, of which about $4 will be derived from capital gain and approximately $5.50 from operations. At March 31, 1956, the company had more than $9,400,000 of deferred profits from hotel sales, which will be taken into income in future periods. This sum will be further increased upon consummation of the recently announced sale of the Hotel New Yorker at a net profit of about $6 million. In addition, the company's earnings are further supplemented by its heavy depreciation charges which currently amount to more than $4 per share.

Hilton common, now selling on New York Stock Exchange at less than nine times its estimated 1956 earnings from operations and approximately five times its estimated overall earnings for this year, is a substantially undervalued equity. It is likely that dividends will be increased in the near future. Only recently, Mr. Hilton publicly announced "it is the policy of the directors to increase dividend payments whenever justified by earnings." He added that "the subject of dividends will be on the agenda at the next directors' meeting and (he) would not be surprised if the policy pursued in the past is continued." Dividends currently are at the modest rate of 50 cents quarterly. An early increase to a minimum rate of 60 cents quarterly, and possibly as high as 75 cents, would seem to be a reasonable expectation. The added possibility of a stock dividend or stock split should not be overlooked.

J. C. LUITWEILER

Hayden, Stone & Co., New York City
Members New York Stock Exchange

North Canadian Oil, Ltd.

Some years ago St. Regis Paper enjoyed quite a boom in the market when oil was discovered on its extensive timber properties in Florida and Georgia. North Canadian Oils has had the reverse experience.

James C. Luitweiler

With only indifferent success in developing oil production from its 80,000 acres in the Provinces of Alberta and Saskatchewan (Canada), its shares sold as low as $1\frac{1}{2}$ on the Toronto Exchange three years ago. (The stock is also listed on the American Stock Exchange.) Then through buying another company it acquired a pulp-wood reservation agreement from the Government of the Province of Alberta, allowing it to cut timber on some *6,000 square miles* of virgin timber land. It promptly made a deal with the St. Regis Paper Company for the erection of a large kraft pulp mill, and its stock zoomed last year to over 6 two years before any earnings could be expected from this new venture!

It was a case of a pigmy marrying a giant. St. Regis is a large American paper company with over $200 million of property, while North Canadian, before this new venture, was a mere million dollar outfit. But every move it has made in the last three years impresses one as intelligent and sound.

Having this huge timber reservation, with low stumpage costs, the Athabasca River running through the property, and good rail and highway transportation, the President of North Canadian convinced St. Regis it was a "natural" for a large pulp and paper development. He made a contract with St. Regis to erect a $33-million mill, to be operated under St. Regis management. St. Regis undertook to buy itself or market the mill's total production. It agreed to a 50-50 division of the profits. It was further arranged that North Canadian would have the exclusive right to supply the mill with natural gas for its fuel

Continued on page 51

Effects Upon the Bond Market Of a Restrictive Credit Policy

By RUDOLF SMUTNY*
Senior Partner, Salomon Bros. & Hutzler

In appraising the current restrictive credit policy's effect upon the bond market, and offering remedial measures to correct the unbalanced bill market and the profitless position of government security dealers under existing interest rate structure, Mr. Smutny believes: (1) we face a pause in our economic expansion; (2) bond market downturn has already "bottomed out"; (3) opportunity to repeat 1953 deep discount issue purchases to profit from bond refunding is present, and (4) such a market turn-around will not be as intense in price reversal as in 1953. Proposes: Open Market Committee operations include all Treasury obligations up to one year; special realistic borrowing rate for dealers to maintain their considerable trading position; easy access to repurchase agreements with Federal Reserve, and present repurchase agreements be collateralized by Government bonds of any maturity without the present maturity restriction.

During the post-war years times have been good. Variations in the rate of economic activity have been minor. Business, in the main, boomed all over the land. Now a new set of uncertainties seems to be in the making. Some soft spots appear to be developing in critical economic areas. The economic kettle seems to some to be simmering down. Others fear the monetary fuel under the economic pressure cooker may result in an explosion unless very discreetly handled. And, unfortunately, the efforts of the monetary authorities to maintain basic balance in our economy have stirred up widespread and, on occasion, ill-tempered and uninformed criticism, and we now find the financial world in the middle of a great debate.

Rudolf Smutny

The present state of economic affairs didn't just happen overnight. Back in 1910 when our firm was organized, the bond market was much less important than it is today. The debt of the United States Treasury, by present standards, was almost non-existent, for it totaled less than $1 billion. The Federal Reserve System wasn't even in existence. Commercial banks struggled to meet the needs of business within the then existing constrictive currency system, and each New York bank was a Federal Reserve System in itself. Money panics were an ever-present hazard and Wall Street had just gotten over Black Friday. Under such circumstances, banks were extremely short-term minded and the volume of bond trading was lower, by far, than it is today.

The passage of the Federal Reserve Act in 1913 and the organization of the Federal Reserve System in 1916 brought to our banks an hitherto unknown degree of elasticity and prepared the way for the vast financial growth which has since occurred. Under the system then created, we have been able to finance two World Wars, efforts to cope with a great depression, and a huge economic expansion. Out of it has evolved a money market which effectively serves the needs of American enterprise and finance.

Federal Debt Dominates the Money Market

Today, the Federal budget is a major and very potent factor in our economy and the Federal debt dominates the money market. The responsibility of managing that debt and of conducting monetary and credit policies so that balance may be maintained in our highly complex economy is the gravest responsibility with which any group of men in public life can be confronted short of war. Moreover, the officials in Washington, no matter how able, can't be expected to do the job alone. To do it successfully, they are going to have to get teamwork from every responsible officer in our country's banks, insurance companies, savings institutions and investment banking firms. They have every right to expect of all of us that we exercise a high degree of financial statesmanship in the conduct of our business duties—that we keep in mind the public consequences of our private activities to the end that public as well as private interests are served and balance and order in the national economy be maintained.

Credit Policies Subordinated to Economic Well Being

The credit policies of the Federal Reserve authorities, and the debt management policies of the Treasury, are now, and very properly, suborinated to the over-all well being of the national economy. In the past, whenever business activity turned down after restrictive credit measures were adopted by the monetary authorities, they have been subjected to

Continued on page 32

*An address by Mr. Smutny before the Joint Meeting of the Dallas Security Dealers Association and the Dallas Association of Investment Analysts, and before the Houston Society of Financial Analysts, at Dallas and Houston, June 12 and 13, respectively.

INDEX

Articles and News Page

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, June 21, 1956
Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).
Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C. England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.
Subscription Rates
Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $60.00 per year; in Dominion of Canada, $63.00 per year. Other Countries, $67.00 per year.
Other Publications
Bank and Quotation Record — Monthly, $40.00 per year. (Foreign postage extra.)
Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Observations . . .

By A. WILFRED MAY

A HOMER FOR CORPORATE DEMOCRACY

Habitually, a time of corporate adversity brings out a marked pickup in the stockholders' interest and participation in their

U. S. Minority Stockholder No. 2 (Robert J. Kheel)

annual company meeting. So it was that this week's annual gathering of the shareholders of the National Exhibition Company, whose New York Giants baseball team is down in the lowly league standing of seventh place (and whose net income last year took a sizable drop), elicited record attendance, floor questions and discussion.

Minority Stockholder No. 2

Assuredly motivated by his property's reverses on field rather than finance, was the journey to Jersey City of 13-year-old Bobby Kheel, owner of a share of stock recently acquired via a birthday gift from his dad, Theodore W. Kheel, the labor attorney and transit authority. But Bob's representation appreciably transcended his own equity. The minority stockholder No. ONE team of Lewis-and-John Gilbert, owning stock in the Club, gave him their five-share proxy for expert representation. And a Brains Trust of school and sandlot friends had helped to arm him with the following suggested "corporate" program, laboriously devised and spelled-out on Dad's typewriter:

1. Make trades with long-range aims; as the Yankees did for Pitcher Turley at the age of 24, and thus good for seven years or so.
2. Get a player like "Brat" Stanky, to give the infield liveliness and the Durocher-less team the spark of bygone days.
3. Get rid of the Minneapolis farm; or at least stop concentrating on hastily drawing players from there.
4. Spend more money on young talent.
5. Go easy on the plans for a new enlarged stadium. Without a winner, a stadium cannot be filled. Spend on the team before a grandstand. To meet any drain on cash for this worthy purpose, this shareholder would be glad to forego his dividend dollar.

It was a mistake to let Sal (The Barber) Maglie go, Bob continued. He should have been swapped for proven talent.

Now that the Club is near the cellar, it should gamble with new, young players, as did the Pittsburgh Pirates.

Last week's trade with the St. Louis Cardinals is a step in the right direction, because Brandt is younger than Lockman.

Bob and advisers think that Rigney is a good Manager, but he needs a push from the directors.

From various parts of the floor came diverse queries, as about free week-day admission for stockholders (akin to the free lunch increasingly provided by Blue Chip corporations?); and, insistently, why that dynamic manager, Leo (The Lip) Durocher, was permitted to resign.

"Management" on Trial

In line with the new spirit of corporate democracy, the team's manager, Bill Rigney, was on hand and frankly fielded the questions, complaints, and suggestions from quarter-backing stockholders.

"Why not get a good right-handed power hitter to back up the great Willie Mays?"

"Having both Lockman and Mueller means having two Lockmans—both being slap-hitters."

"The traded Alvin Dark was *not* able to cover short."

"Why keep Bobby Hoffman, when he can't field?"

Off-the-Field Management Questions

Additionally, a good part of the discussion was, with equal spirit of democracy, taken up with the non-playing corporate area.

Violent exception was taken to the fact that Mr. Feeley, the Club Treasurer, who came in order to provide someone to preside, was the only director present. This situation has prevailed for years. As a result, a rival candidate, Mr. Donald Grant, was nominated to succeed the incumbent Mr. Horace Stoneham, as President. Mr. Grant received 24 votes, Mr. Stoneham, mostly via management proxies, 10,312.

After more violent discussion of the directors non-attendance record, a motion that "all directors be requested to attend the annual meeting," was made by another 5-share holder. On the basis of a show of hands of those attending, and with Mr. Feeley opposing but refraining from voting the management proxies, he declared the motion carried. Strong objection was made to the practice of confining all operating data in the year-end financial statement to a one-line net income figure (an $111,000 profit) appended to a summarized balance sheet.

Asked the amount of the officers' salaries by young Kheel, presiding officer Edgar P. Feeley availed himself of the legal prerogative to withhold this information about an unlisted company. He did, however, forthrightly confirm the fact that President Stoneham's stipend exceeds that of employee Willie Mays.

After some of those in attendance expressed annoyance over the "waste of time" consumed by this floor discussion, and with no one apparently caring about cumulative voting, the stagger system, the absence of women directors, or the lack of a free frankfurter lunch, this year's extra-inning affair was then declared adjourned.

* * *

Respectfully submitted as a democratic Post-Meeting Report.

By Willie May.
(your columnist)

With Carr & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Albert Stoy is now with Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

With Livingstone, Crouse

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Edward M. Coury, Jr. is now with S. R. Livingstone, Crouse & Co., Penobscot Building, members of the Detroit Stock Exchange.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Total industrial production for the nation-at-large in the period ended on Wednesday of last week registered a moderate recovery from the level of the week before. Gains were noted in automotive, electric power, food processing and paperboard industries with over-all output somewhat above that of the corresponding period a year ago.

Awards for heavy civil engineering construction contracts expanded almost 104% last week and were 56% above the similar 1955 level, according to the "Engineering News Record." The most considerable increases were reported in industrial building and private mass housing. The dollar volume of industrial contract awards for the first 24 weeks of 1956 was 137% over that of the similar period a year ago.

Initial claims for unemployment insurance rose 5% the past week, and exceeded those of a year ago by 14%. There were seasonal layoffs in the textile, apparel and leather goods industries and continued labor cutbacks were reported by automotive producers.

Industrial production in May maintained a slightly slower pace than the month before, the Federal Reserve Board reported.

The Board's index of industrial production for May stood at 142% of the 1947-49 average or a dip of two percentage points from April, but still four points above May last year.

Taking seasonal factors into account, it stated that output in May also came to 142% of the 1947-49 average. This was one point under the April level and four points above May last year.

The Board noted that output in most major groups of industries "was relatively stable" in May and early June. Production of durable manufactures "decreased slightly" in May, it added, mentioning steel and autos as examples. In most mineral and non-durable manufacturing industries, the report observed that production was "about unchanged" from April to May after allowing for seasonal influences.

With steel labor talks entering a critical and uncertain phase, steel consumers with comfortable inventories are congratulating themselves for their foresight. Unfortunately, few consumers are well off inventorywise, states "The Iron Age," national metalworking weekly, this week.

With uncertainty prevailing over the outcome of the steel labor talks, the mills are going all-out on production and consumers are increasing pressure for delivery, this trade weekly reports.

This pressure, it notes, is not based entirely on the uncertain labor outlook. Underlying strength of the steel market, overshadowed momentarily by the downturn in some consumer lines, is again coming to the fore. In many industries, the need for steel now and in the months ahead is founded on good business prospects.

This genuine need for steel to meet production requirements strengthens belief that an industrywide shut-down would strike a quick body blow to metalworking. Structural and plate consumers, particularly, would feel the impact. The effect of the seven-week shut down of Tennessee Coal & Iron Division, of U. S. Steel Corp., on steel-using plants in the South gives a revealing picture of the real situation in steel inventories.

Meanwhile, the five-year contract proposal of the Big Three steel producers provides consumers with plently to mull over on the matter of future steel prices. If the usual pattern were followed, assuming a five-year agreement, steel prices would rise annually as yearly provisions for higher wages and fringes went into effect. "Steel is money in the bank" would be a perennial thought for metalworkers. Incidentally, if this year's settlement cost runs close to 20 cents an hour, prices will rise about $10 per ton, some less, some more, "The Iron Age" adds.

There will be a snapback, beginning late in third quarter and fourth quarter business will be good. Too many industries, including oil and gas, freight cars, and construction, are desperate for steel to warrant anything but optimism for balance of the year. The automotive industry also will be an important factor in the fourth quarter steel picture, concludes this trade authority.

The auto industry has stepped up its rate of inventory reduction to almost 4,000 cars daily due to improving sales and tightly controlled production, "Ward's Automotive Reports" stated on Friday last.

The industry's statistical authority said that June 1-10 new car sales averaged 5% improvement over May 1-10 period, continuing the brightening picture noted at the close of May.

Thus reduced car building stood at 102,544 units last week against 136,038 same week in April, combined with stronger show-

Continued on page 38

Problems of Commercial Banks In New York and Rest of Nation

By MARCUS NADLER*

Professor of Finance, New York University

Asserting that the greatest problem confronting most commercial banks is their survival ability in view of increasing savings-competition and the changing character of savings itself, Dr. Nadler recommends over-due bank legislative revision compelling all financial institutions catering to the popular concept of deposits be placed upon the same basis as commercial banks. Believes: (1) wholesale and retail bank-earning's outlook is encouraging; (2) depression of the '30s and the World War II fixed interest rates are a thing of the past; (3) banking depends upon a healthy unit and dual banking system; (4) merger movement has been necessary and will continue, though unlikely to lessen competition, and (5) a well managed holding company "is far superior" to statewide branch banking.

Over a year ago I was honored by your association with the task of preparing a study on the banking situation in New York State. In digging into this problem, I soon found that there was no need for a statistical study. The statistics are ample and cover the field fully well. I soon realized, however, that the banking laws in the United States were revised about 40 years ago, and that a great many changes have taken place during these 40 years, and that the banks in the State of New York are confronted with a very serious problem.

Marcus Nadler

Therefore, the study was directed primarily to find out what these problems are and where there may be a solution.

Naturally, as we all know, the banks are handmaidens to industry and trade, and anything that happens to industry and trade is bound to have an impact on the banks, and great changes have taken place in the economic structure of the United States during the last few decades.

Postwar Changes

The postwar period was marked by a rapid and dynamic growth, not only in production, in gross national income, but also in the distribution of the disposable income of the people. We have become a nation of middle class people, and therefore there are many more individuals and families who need a commercial bank today than was the case only two decades ago.

Second, the population is increasing at a rate which two decades ago was thought impossible and this increase in population was accompanied by a great decentralization movement. There was a great shift in population from the congested cities to the suburbs. There was a movement from one section of the country to another. Because of the great congestion of traffic, because of the lack of parking facilities, new shopping facilities and new shopping centers were developed. All this, naturally, had a great impact on the banks and created new problems for them.

Growth of Non-Bank Financial Institutions

Moreover, very important changes occurred in the field of financial institutions other than banks. The growth of the savings and loan associations was unprecedented. The percentage growth of the credit unions was almost amazing. The role played today by sales finance companies and others is by far more important than it was two or three decades ago. And the mutual savings banks have become today very important and giant financial institutions.

Obviously, all these developments created problems for the commercial banks, and I dare say that the future of the commercial banks depends to a very large extent on how these problems are solved.

These basic changes, also, had a great impact on the financial habits of the people. Private indebtedness, usually financed through the commercial banks, has increased tremendously. I will not bore you with many figures—just a few.

The mortgage indebtedness on one to four-family homes increased from $17 billion in 1940 to $88 billion at the end of 1955, and, in all probability, commercial banks in the future will deal a great deal more in mortgages than in the past. Consumer indebtedness increased from $9 billion in 1940 to $36 billion at the end of 1955. And, as was previously pointed out, consumer borrowing, consumer financing, will play an increasingly important role in the economy of the country.

All these changes, the underlying dynamic forces operating in our economy, have an impact on the commercial banks of the country and on the banking structure of the state.

Let's see what these changes are.

Trend Towards Consolidation

(1) The trend towards consolidation—one may even say the trend toward bigness — brought about by economic necessity, the increased cost of doing business, the increased importance of research, the difficulty of obtaining proper management — has created a major merger movement all over the country, applying to industries, trade, finance, including the commercial banks.

It was, therefore, of the utmost importance to analyze the merger movement among the commercial banks and to reach certain definite conclusions.

Mergers and Independent Banking

The first conclusion that I reached is this: that the unit banking system and the dual banking system — both, together — are the keystone of the American banking system; that the future of the American banking system depends on maintaining a healthy unit banking system and a healthy dual banking system.

At the same time, the fact cannot be overlooked that the banks, being handmaidens to industry and trade, were bound to be affected by the great economic changes that have occurred during the last two decades and that bank mergers, among the banks, were imperative, necessary, with the result that since the end of the war, from 1946 until 1955, 187 banks were absorbed by other institutions. Mergers took place among large banks, medium-sized banks, as well as among the small banks.

It is of interest to note—and the study brings it out — that the mergers that have taken place were based on economic necessity and not on the desire for bigness or to increase the power of the individual.

Both the national and the state supervisors of banks should be congratulated on the tasks which they performed and on insisting to the nth degree that competition among banking continue as was intended in the law, and competition today, in spite of the mergers, is keener than ever before.

Valid Reasons For Mergers

There are valid reasons for mergers. The most important reasons for mergers, briefly, are:

Management or lack thereof. We found that the banks are being raided for their best officers by corporations which can offer them not only more taxable money, but fringe benefits, which have certain tax advantages. And this raid on the best brains of the commercial banks will continue so long as the Federal income tax is as backbreaking as it is today.

Diversification of services reaching new localities, the desire and willingness to serve larger customers, to participate in the growth of new communities, of opening branches in new shopping centers—all these played an important role in the merger movement.

And while I am not the seventh son of a seventh son, and while, over a long period of years, I have realized the danger of predicting the future, yet I am certain in my own mind that the merger movement in industry, trade and finance will continue. This is the trend, brought about by basic, underlying, dynamic forces operating in the economy.

I repeat, again, however, that the unit banking system and the dual banking system are the two pillars on which the American banking system will continue to rest.

Branches And Regional Banks

(2) Hand in hand with the merger movement was the widespread opening of branches. At the end of 1955, there were 501 commercial banks, with 1,006 branches in existence in the state, and, undoubtedly, as more mergers occur, as it becomes more difficult to obtain proper personnel, as it becomes more difficult to retain the best brains in the profession, the merger movement will lead to more branches.

Probably the most important development that has occurred in the State of New York during the last two decades was the development of regional banks — banks which serve not only one locality, but an entire district and, very often, the entire banking district where this has been made possible by the supervising authorities. In some counties, two or three regional banks control between 60 to 70% of the deposits of the county.

It was, therefore, of the utmost importance to analyze and to study whether this had any impact on competition, whether it led to monopoly, and the result of the study showed that wherever you have two or three regional banks in one community, the competition is keener. Not only are these banks in a position to serve their localities and districts better than a small individual bank, but also competition among the larger banks has been keener than was the case among the individual smaller banks in existence before.

Competition Will Become Keener

Moreover, the study finds that the regional banks were in a better position to meet the competition from the very strong and growing competition from the other institutions catering to the savings deposits of the people. The regional banks were in a better position through high rates

Continued on page 22

*An address by Dr. Nadler before the 60th Annual Convention of the New York State Bankers Association, Spring Lake, N. J., June 15, 1956.

Internat'l Commodity Exchanges For Prosperity and Growth

By HAROLD L. BACHE*
Senior Partner, Bache & Company

Head of leading security and commodity organization urges world nations to remove main obstacles hampering international trading in future in order to derive the greatest benefit from free commodity exchanges. Mr. Bache suggests broadening and including SEATO in Secretary of State Dulles' recent plan for utilizing NATO as a vehicle for economic betterment. Proposes acquainting world with commodity exchanges to show how free world markets can contribute to peace, prosperity, price stability and stimulated commodity flow—providing exchange manipulation, bulk buying and selling, price supports and currency regulations, as the case may be, here and abroad, are removed. Commends usefulness of speculation and research.

The purpose for which this conference was called cannot be commended too highly. We have gathered to discuss common problems within our industry; to discuss, in very practical terms, various segments of our business; to explore the problems posed and the opportunities offered by the commodities business to the men who are out of the firing line actually doing the work of servicing commodity accounts; to examine the facilities which we offer to our customers and how we can improve them.

Harold L. Bache

This conference is not concerned solely with what I might call the internals of our business. We are trying to evaluate the commodities exchanges in a wider perspective—to try to put the work of the exchanges in proper focus as essential to the smooth functioning of a free enterprise economy. It is my personal opinion that the commodity exchange can be a powerful tool for working toward the revival of free trade throughout the world.

Just in passing, I should like to say that it strikes me as highly appropriate that this conference is being held in Chicago. Here, more than 100 years ago, the Board of Trade of the City of Chicago—today the largest and most important commodity exchange in the world—was officially organized. Noteworthy, too, is the fact that the complex and sensitive market place provided by the Board of Trade is a truly representative example of American originality which has since been adopted by other and older nations throughout the world.

My affection for the Board of Trade is based on personal considerations as well as on my admiration and respect for a great market place. Today Bache & Company has many ramifications and many interests—but my first love in the business world was commodities, and I find myself still with a great leaning towards the commodity and of Bache & Company's business.

Because of my own company's substantial interest in the commodities markets, and our not inconsiderable experience, it occurred to me that you as professionals in the field, might like to know a bit of how we feel about the men who service commodity accounts.

If his client is a farmer, a distributor, an elevator man, a baker, or an exporter, he understands the problems and background in each particular case.

*An address by Mr. Bache before the Commodity Conference, Co-sponsored by the Chicago Board of Trade and Association of Grain Commission Merchants, Chicago, Ill., June 14, 1956.

Importance of Research

In short, like any competent professional man, he knows his subject backward and forward. The mere acquisition of facts, though, is not enough. Facts must be selected, sorted out, measured, one balanced against the other until the truest picture possible takes form. Knowledge and the interpretation of facts will contribute to a more thorough understanding and in turn provide the tools for better judgment. These three combined are the pillars of experience and provide the basis for sound advice.

Based on my own experience, there is one other factor that contributes—I might even say is essential—to the making of a really successful commodities man. That is research; not the kind which is adept at constructing ivory castles in the air, but one that can assimilate all the facts available, then project them a little further, a little more intelligently than the other fellow.

Research, I believe, can best serve those of your clients who have no connection with the production, processing or distribution of commodities. For them the commodities exchanges are primarily vehicles for speculation. They are not interested in the insurance which the commodity exchanges offer to the professional but primarily in the profit possibilities. Obviously this is no field for the novice and it is precisely here that expert guidance can be most productive.

In many ways the opportunities for profits are more plentiful in the commodities markets than in the securities markets because fluctuations are greater. And, I may also add that the possibilities of loss may be even larger. It is well to recognize two major pitfalls directly traceable to a great percentage of unsuccessful commodity trading: Timing and Overtrading. This is an area, I believe, where the commodity executive must use the utmost discretion.

Speculation Makes Growth Possible

In soliciting commodity accounts, it cannot be stressed too much or too often that speculation involves risk. I do not mean to imply that I consider speculation in the commodities markets—or in any other market place where speculation performs an economically sound function—either unwise or undesirable. I do say that speculation in commodities should be undertaken only by the financially competent, and then only with the professional guidance which can be offered by experts such as yourselves.

Speculation, unfortunately, is a word in disrepute among the misinformed and the ill-informed. Who is the speculator of today? He may come from many walks of life but roughly he is the professional trader, the floor trader, the customer interested in long or short-term tax advantages—among others. It was speculation—and I say this without qualification—which was principally responsible for the growth of this nation. I have only to mention to you a gentleman named William Butler Ogden who, some 120 years ago, felt there was a future in Chicago real estate. It turned out that Chicago land did have some value. Ogden, first of the Chicago pioneers, later felt the town should have a railroad. The town's merchants thought he was a fool, so Ogden set out in a horse and buggy to peddle one-quarter of a million dollars worth of stock in the Galen and Chicago Union Railroad. It was his railroad, about as pure an excursion into the realms of speculation that can be imagined, which steamed into Chicago in November, 1848, with a carload of wheat. You know Ogden's railroad today as the Chicago & North Western.

You may also recall such fabulous men as Phil Armour, Potter Palmer, Marshall Field, Aaron Montgomery Ward. These were speculators daring and imaginative. Armour's short sale of pork—short sales based on information available to any newspaper reader of the time—is a classic of informed and imaginative speculation.

Today, the speculator, the risk-taker is a vital cog in our economy, whether he is the entrepreneur trying to finance a new invention, the man who uses his capital to drill for oil, or the man who is the balance wheel in the commodity markets.

And, just as the activities of the speculator are essential to the creation of new wealth, so are they essential to the maintenance of free and liquid markets in commodities and securities. In the commodities exchanges, it is the speculator who, in effect, always stands ready to buy or sell. He provides a broad, continuous and fluid market, a market in which violent or erratic price fluctuations are ironed out by his purchases and sales. If the exchange market in any commodity were limited only to the commercial interests using that market primarily as an insurance device, it would be a highly inefficient market—in fact, it is my opinion that the market would exist only in the most limited way.

In grains, for example, hedging sales by elevator operators are concentrated in the special months. Millers, who are probably the largest commercial buyers of hedges, spread their purchases over the year. Supply and demand in the futures market would get sadly out of balance were it not for the presence of a speculative element ready to buy when there are no commercial buyers, ready to sell when there are no commercial sellers.

The commodity speculator—and, of course, this is also true of any speculator—acts entirely in his own self-interest. Yet, in so doing, he performs an essential economic function.

Function of a Commodity Exchange

Under ideal conditions, what are the functions of a commodity exchange? Primarily, of course, the exchange provides price insurance to producers, processors and distributors by making available a broad and continuous market where the commodity may be bought or sold at all times. The commercial user of a futures market confines the profit of his operation to the intelligent and efficient management of his business instead of the price fluctuations of the commodity. Because of this continuous market, and because standardized commodities are dealt on the exchanges, the actual commodity acquires a high degree of liquidity which in turn leads to ready financing. The consumer benefits directly from these circumstances because producers, processors, and distributors are thus enabled to operate on small profit margins.

Exchanges throughout the world in any particular commodity are linked together by modern communications which enable price opinions — influenced by every known factor affecting supply and demand for the commodity itself —to be instantly expressed. The publication of these prices throughout the world, together with the statistical information provided by the exchanges and the government, gives a true and continuing picture of world supply and demand for the immediate benefit of commercial interests and the ultimate benefit of the consumer.

Ideal Versus Real Situation

That is the ideal situation—to have a world network of exchanges acting to stabilize prices, stimulating the flow of commodities in world trade.

But what is the real situation? Exchanges restricted by government edict — exchanges manipulated by government to an extent which destroys their usefulness—currency regulations which impede or stop the free flow of commodities—bulk buying and selling commodities by government which make it impossible for the exchange to carry out its function—government price support policies which throttle the work of the exchange—export or import subsidies which distort supply and demand.

I should like to mention to you several specific examples cited in a recent report to the International Chamber of Commerce:

"Canada and Australia both sell their wheat solely through their wheat boards on a price 'to be fixed' basis providing a hedge for the greater part of the voyage. The usefulness of the Liverpool Wheat Futures Market for hedging Australian wheat is vitiated by such sales. The Winnipeg Wheat Market no longer functions.

"United States export sales of all grains are virtually controlled by the operations of the Commodity Credit Corporation, the export subsidies being adjusted from day to day.

"French wheat can only enter the world export market through a government sponsored body, and by virtue of a government subsidy.

"The German government's practice of issuing import licenses at intervals and the imposition of varying import duties remove most of the commercial reality from transactions by importers who would otherwise require hedging facilities.

"In the grain trade the effect of support schemes is felt indirectly in many ways. In the United States, they are responsible for placing the wheat futures market

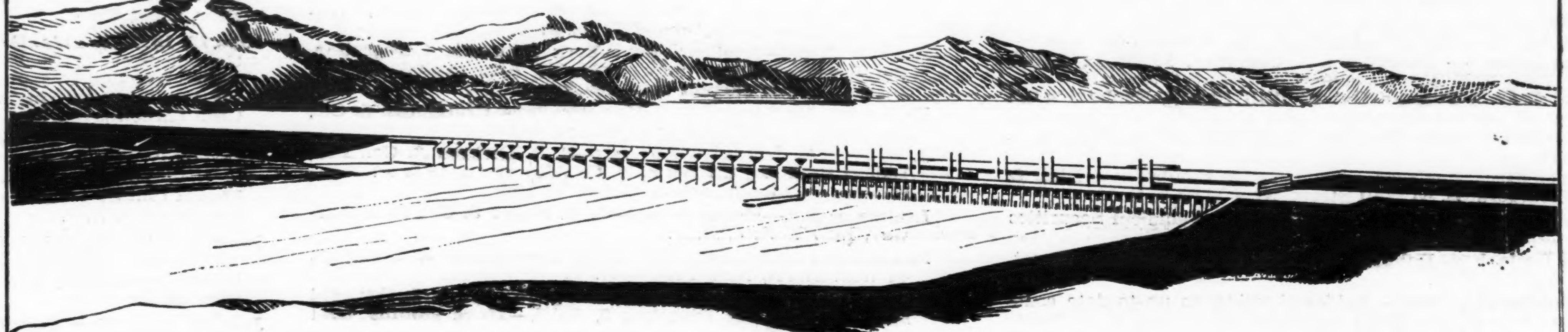
Continued on page 15

NEW ISSUE

Interest on the Bonds is exempt, in the opinion of Bond Counsel to the District and of Bond Counsel to the Underwriters, from all present Federal Income Taxes under existing laws, regulations and rulings.

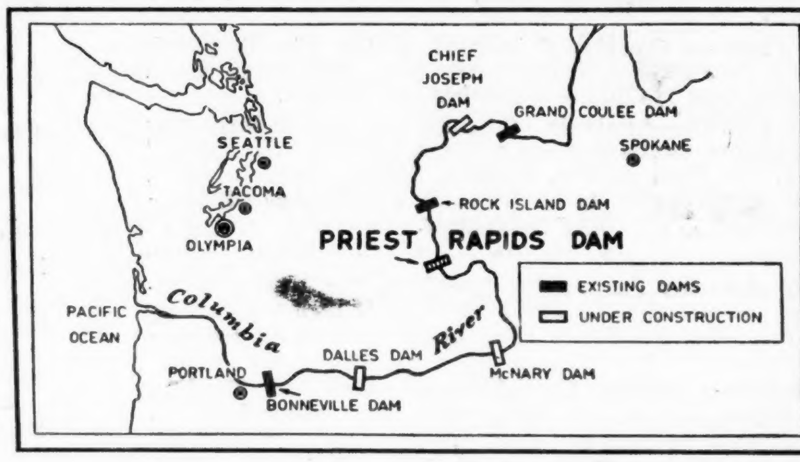
$166,000,000

Public Utility District No. 2 of Grant County, Washington



Columbia River-Priest Rapids Hydro-Electric Production System

3⅞% Revenue Bonds, Series of 1956



These Bonds are being issued for the construction of the Priest Rapids Hydro-Electric Production System on the Columbia River by Public Utility District No. 2 of Grant County, Washington. Priest Rapids, one of the largest hydro-electric developments to be financed with capital supplied entirely by private investors, will have rated capacity of 630,800 kw and peaking capability of about 678,000 kw.

The District has entered into Power Sales Contracts, expiring on October 31, 2005, with Pacific Power & Light Company, Portland General Electric Company, City of Seattle, City of Tacoma, Puget Sound Power & Light Company, Washington Water Power Company, Public Utility District No. 1 of Cowlitz County, Public Utility District No. 1 of Kittitas County, Washington, and the Cities of Eugene, Forest Grove, McMinnville, and Milton-Freewater, Oregon, for the sale of approximately 63.5% of all power and energy produced at the Priest Rapids hydro-electric plant. Under these contracts each of the above Purchasers will be obligated to pay monthly 115% of its proportionate share of the amounts required for interest, the scheduled retirement of principal on the Bonds, and its share of the other costs of producing and delivering power and energy. The District will have a similar obligation with respect to the 36.5% of the power and energy which it will retain for its own use or sale.

Dated May 1, 1956 Due November 1, 2005

The Bonds will be redeemable at the option of the District on at least thirty days' published notice (1) in whole at any time on and after May 1, 1966 at 103% of the principal amount to and including April 30, 1971 and thereafter at the prices set forth in the Official Statement; or (2) in part by lot on any interest date on and after May 1, 1961 from (a) amounts credited to the Sinking Fund Account and (b) the excess monies in the Reserve Account at the principal amount thereof plus accrued interest in each case to the redemption date.

Principal and semi-annual interest, May 1 and November 1 of each year, will be payable at the option of the holder in New York, New York, Chicago, Illinois or Seattle, Washington. Definitive Bonds will be issued in coupon form in the denomination of $1,000, registerable as to principal only, and in fully registered form in the denominations of $1,000, $50,000 or multiples of $5,000 in excess of $50,000. Coupon and fully registered Bonds will be interchangeable.

Price 99% and Accrued Interest

These Bonds will constitute, in the opinions of Messrs. Wood, King & Dawson and Messrs. Chapman and Cutler, Bond Counsel to the District and the Underwriters, respectively, valid and legally binding obligations of Public Utility District No. 2 of Grant County, Washington, payable solely from the revenues of the Columbia River-Priest Rapids Hydro-Electric Production System of the District. Said Counsel will also cover the validity of the principal Power Sales Contracts in said opinions or by separate opinion or opinions.

These Bonds are offered when, as and if issued and received by us and subject to unqualified approval of legality as above stated. The offering is made only by means of the Official Statement, copies of which may be obtained in any State, in which this announcement is circulated, from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC. JOHN NUVEEN & CO. (INCORPORATED) B. J. VAN INGEN & CO. INC. BLYTH & CO., INC.

KUHN, LOEB & CO. SMITH, BARNEY & CO. LEHMAN BROTHERS HARRIMAN RIPLEY & CO. INCORPORATED KIDDER, PEABODY & CO.

A. C. ALLYN AND COMPANY INCORPORATED DREXEL & CO. GLORE, FORGAN & CO. UNION SECURITIES CORPORATION

MERRILL LYNCH, PIERCE, FENNER & BEANE WHITE, WELD & CO. SALOMON BROS. & HUTZLER EQUITABLE SECURITIES CORPORATION

PHELPS, FENN & CO. DEAN WITTER & CO. BEAR, STEARNS & CO. BLAIR & CO. INCORPORATED ALEX. BROWN & SONS IRA HAUPT & CO.

HEMPHILL, NOYES & CO. HORNBLOWER & WEEKS CARL M. LOEB, RHOADES & CO. F. S. MOSELEY & CO.

PAINE, WEBBER, JACKSON & CURTIS R. W. PRESSPRICH & CO. SHIELDS & COMPANY PACIFIC NORTHWEST COMPANY

ALLEN & COMPANY AMERICAN SECURITIES CORPORATION BACHE & CO. A. G. BECKER & CO. INCORPORATED BRAUN, BOSWORTH & CO. INCORPORATED

CENTRAL REPUBLIC COMPANY (INCORPORATED) COFFIN & BURR INCORPORATED DICK & MERLE-SMITH R. S. DICKSON & COMPANY INCORPORATED FRANCIS I. duPONT & CO.

ESTABROOK & CO. FIRST OF MICHIGAN CORPORATION HALLGARTEN & CO. THE ILLINOIS COMPANY INCORPORATED LEE HIGGINSON CORPORATION

W. H. MORTON & CO. INCORPORATED REYNOLDS & CO. L. F. ROTHSCHILD & CO. SCHOELLKOPF, HUTTON & POMEROY, INC.

McLEAN & COMPANY GRANDE & CO. INCORPORATED WM. P. HARPER & SON & CO. BRAMHALL & STEIN HAROLD H. HUSTON & CO.

BADGLEY, FREDERICK, ROGERS & MORFORD, INC. FIRST WASHINGTON CORPORATION MURPHEY FAVRE, INC.

June 21, 1956.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Letter (No. 18) dated June 1, containing comments on uranium guarantee extension, atomic Navy, guided missiles, atomic aircraft — Atomic Development Mutual Fund, Inc., Dept. C., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Foreign Letter — Burnham and Company, 15 Broad Street, New York 5, N. Y.

How to Take a Fortune Out of Wall Street—Explaining all phases of market operations—plus a bulletin of suggestions —J. A. Lempenau—The Income Builder, River Edge, N. J. —$3.00.

Insurance Stock Analyzer — Comparative tabulation — Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y.

Japanese Stocks — Current information — Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Market Outlook — Bulletin — Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Tin and Its Uses — Quarterly journal of the Tin Research Institute — Tin Research Institute, Inc., 492 West Sixth Avenue, Columbus 1, Ohio —available on request.

Underground Wealth—Analysis of crude oil and natural gas reserves of major companies—in current issue of "Gleanings" —Francis I. du Pont & Co., 1 Wall Street, New York 5, New York. Also in the same issue is a selection of **Convertible Bonds** with two-way potentials.

* * *

American Broadcasting Paramount Theatres, Inc. — Memorandum—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa. Also available is a memorandum on **Kennametal Inc.**

American Hospital Supply Co.—Analysis—Unlisted Trading Dept., Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

American National Insurance Co.—Memorandum—J. Marvin Moreland & Co., Cotton Exchange Building, Galveston, Tex.

Anglo Canadian Telephone — Memorandum — Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Arkansas Western Gas Company—Analysis—A. G. Becker & Co., Incorporated, 60 Broadway, New York 4, N. Y.

Bank of Nova Scotia—Review—Burns Bros. & Company, Limited, 44 King Street, West, Toronto 1, Ont., Canada. Also in the same bulletin is a discussion of Canadian Mining and Oil Developments.

Bombay Dyeing — Data — Harkisondass Lukhmidass, 5, Haman Street, Bombay, India. Also in the same bulletin are data on **Indian Aluminium, Digvijay Cement** and **Nizam Sugar.**

British American Oil—Analysis—Davidson & Company, 47 King Street, West, Kitchener, Ont., Canada.

Canadian Prospect Ltd.—Bulletin—Bregman, Cummings & Co., 100 Broadway, New York 5, N. Y.

Citizens Utilities Company — Analysis — G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

L. A. Darling Co. — Late data — Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dayton Rubber Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Electric Storage Battery Company—Study—Newborg & Co., 25 Broad Street, New York 4, N. Y.

General Gas Corporation—Report—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a report on **Shumway Uranium Mining Corporation.**

General Telephone Company — Analysis — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Glamur Products, Inc.—Analysis—Graham, Ross & Co., Inc., 82 Beaver Street, New York 5, N. Y.

Gulf Cities Gas Corp.—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Hanover Bank—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is an analysis of the current bond market.

Helicopter Air Service Co.—Memorandum—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

J. B. Ivey & Company—Analysis—R. S. Dickson & Co., Inc., Wilder Building, Charlotte, N. C. Also available is a memorandum on **Life Insurance Co. of Virginia.**

Leetronics Inc.—Memorandum—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y.

McLean Industries, Inc.—Memorandum—Shields & Company, 44 Wall Street, New York 5, N. Y.

Mid Continent Uranium Corp. — North's News Letter, 414 Mason Street, San Francisco 2, Calif.—Three months' trial subscription $15.

National Supply—Report—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Pacific Uranium Mines Corp. — Circular — Singer, Bean & Mackie Inc., 40 Exchange Place, New York 5, N. Y. Also available is a circular on **Stancan Uranium Corp.**

Charles Pfizer & Co. — Memorandum — H. Hentz & Co., 60 Beaver Street, New York 6, N. Y.

Riverside Cement Co.—New views—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Rockwell Manufacturing—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are data on **Federated Department Stores** and **Fibreboard Paper Products.**

Royal Dutch Petroleum Co. — Memorandum — Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

Singer Manufacturing Company — Study — Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Southland Racing Corp.—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Standard Oil of Indiana—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Sears, Roebuck & Co., Polaroid,** and **Minerals and Chemicals.** In the June "Pocket Guide" are data on companies in the **Guided Missile** field with lists of common stocks for income, growth and trading, etc.

Superior Tool & Die Company — Report — H. E. Herrman & Cohen, 52 Wall Street, New York 5, N. Y.

United Fruit—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Business Man's Bookshelf

Hammond's Map Library — Nine maps 50 inches x 33 inches, including the World, United States, Canada, North America, South America, Europe, Asia, Africa, Australia and the Pacific — boxed in a case — C. S. Hammond & Company, Maplewood, N. J. $9.95 per set.

How to Take a Fortune Out of Wall Street—J. A. Lempenau—The Income Builder, River Edge, N. J.—$3.

Life Insurance Stocks As Investments—James T. S. Porterfield —Graduate School of Business, Stanford University, Stanford, Calif. (paper) $1.50.

SEC Accounting Practice and Procedure — Louis H. Rappaport — The Ronald Press Company, 15 East 26th Street, New York 10, N. Y.—cloth—$15.

Tin and Its Uses — Quarterly Journal of the Tin Research Institute—Tin Research Institute, Inc., 492 West Sixth Avenue, Columbus 1, Ohio. Copies on request.

Total Disability Provisions in Life Insurance Contracts—Kenneth W. Herrick—Richard D. Irwin, Inc., Homewood, Ill. (cloth) $4.

Western Europe at Crossroads— W. Wenthold—Buyten & Schipperheyn, Amsterdam, The Netherlands (paper).

With Berwyn T. Moore

(Special to The Financial Chronicle)

LOUISVILLE, Ky. — Frederick G. Irtz has been added to the staff of Berwyn T. Moore & Co., Inc., Marion E. Taylor Building.

COMING EVENTS

In Investment Field

June 20-21, 1956 (Minneapolis-St. Paul)
Twin City Bond Club 35th annual picnic and outing cocktail party for out-of-town guests, June 20 at the Nicollet Hotel; picnic June 21 at the White Bear Yacht Club.

June 22, 1956 (Atlanta, Ga.)
Georgia Security Dealers Association 20th annual summer outing at the Capital City Country Club (Brookhaven).

June 22, 1956 (New York City)
Municipal Bond Women's Club of New York annual outing at Morris County Golf Club, Convent Station, N. J.

June 22, 1956 (New York City)
"Syndicats" annual outing at Echo Lake Country Club, Westfield, N. J.

June 22, 1956 (New York City)
Municipal Bond Women's Club of New York annual outing at Morris County Golf Club, Convent Station, New Jersey

June 23, 1956 (Chicago, Ill.)
Bond Traders Club of Chicago 30th annual field day at Nordic Hills Country Club.

June 24-26, 1956 (Santa Barbara, Calif.)
California Group of Investment Bankers Association of America fifth annual conference.

June 29, 1956 (New York City)
Investment Association of New York annual outing at the Sleepy Hollow Country Club, Scarborough, N. Y.

June 29, 1956 (Toledo, Ohio)
Bond Club of Toledo summer outing at Inverness Club.

Sept. 1-21, 1956 (Minneapolis, Minn.)
National Association of Bank Women 34th Convention and annual meeting at the Hotel Radisson.

Sept 14, 1956 (Rockford, Ill.)
Rockford Securities Dealers Association seventh annual "Fling-Ding" at the Rockford Country Club.

Oct. 4-6, 1956 (Detroit, Mich.)
Association of Stock Exchange Firms meeting of Board of Governors.

Oct. 24-27, 1956 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the El Mirador Hotel.

Nov. 14, 1956 (New York City)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 25-30, 1956 (Hollywood Beach, Fla.)
Investment Bankers Association of America annual convention at the Hollywood Beach Hotel.

April 21-23, 1957 (Dallas, Tex.)
Texas Group of Investment Bankers Association annual meeting at the Statler Hilton Hotel.

Sharing the Chemical Age

By IRA U. COBLEIGH
Enterprise Economist

Some reflections on the understressed importance of chemicals in our modern world, and the undervaluation of certain chemical shares in our modern air conditioned brokerage offices.

Everywhere you hear that we live in either the Atomic Age, or the Age of Automation. Actually our age is misnamed by such moniker—it's really the Chemical Age. Since trinitrotoluene, a coal tar chemical, became the major explosive of World War I, we have, in truth, been living in a chemical age. Our myriad retailed products are wrapped in cellophane, the graceful gams of our girls are shrouded in nylon; Dacron drapes the well dressed man; plastics provide everything from cigaret cases to fiber glass coupes on land, and cruisers at sea; we drive on synthetic rubber tires; we wash with detergents; we grow food and kill crop-marauding pests by agricultural chemicals; we cure and arrest disease by pharmaceuticals; we purify by chlorines and isotopes; and we alloy our steel and other metals by chemical processes; we start our cars by chemical action of storage batteries; all our high octane fuels depend on chemical process for their origin and production; and our rockets are driven by boron. So while the atom or H-bomb may, in due course, blow us all to bits, it's the chemical industry that, from freon in our refrigerators to chlorine, cosmetics and cortisone, expands and insures our continued more healthful and gracious existence.

Ira U. Cobleigh

So don't ignore chemicals from your sheltered position as either a human being, or an investor. You can't afford to. For, almost equal in importance to the impact of chemicals on our lives, is the importance of the chemical industry in our enterprise economic system. This impact is felt in a number of ways. Total sales of chemicals for 1956 will exceed $25 billion. New plant expenditures in this glamorous industry will, in 1956, exceed $1.4 billion. $300 million will be earmarked for chemical research, and something above 400 new products will be introduced. And all this, mind you, in a year of dipping motor and farm implement sales, declining house building, all-time highs in loans, Russian threats, Japanese and German industrial competition, and the uncertainties of a Presidential election. It must be a sturdy industry that will and can stride forward thus, into new frontiers of research, sales and earning power, when so many other areas of our economy are so fluttery and hesitant. Well, it is.

Getting down to more specific market considerations, why is it that major chemical enterprises can resist with such resolution, major economic downspins; decline less and snap back faster than their industrial brethren? We havent time for a complete answer to that question (the stock market answers it with greater eloquence) but if we had to give a capsuled reply it would be: imagination, research, effective merchandising, corralling of brain power in lab and board room, and freedom from slavery to tradition. You just don't progress in today's chemical company by seniority. Vision is far more important than vintage!

Which brings us down to even more practical considerations. If chemical companies are so wonderful, if they are so resilient, and rebounding, can't it well be that their equities, especially now, sell for more than they are really worth? Aren't they overpriced? That all depends on which chemicals you're talking about. If, for example, you're talking about agricultural chemicals, such as Virginia-Carolina, or American Agricultural, even though they sell near the year's lows, they may not be cheap since the market they serve is a depressed one, and the emergence of dynamic recovery in farm earning power may require patience. On the other side such more diversified companies as American Cyanamid, Dow, Diamond Alkali or Monsanto, may even be undervalued, although their price decline has been less pronounced. Let's look briskly into these four as time today may allow.

Certainly a major blunder any investor can make is to deprecate *American Cyanamid*. When better chemical companies are made, they'll look a lot like ACY. Here's a company, big in pharmaceuticals (Lederle Division contributes 25% of gross) and a major in industrial and organic chemicals. Important in current consideration of ACY is the fact that its $52 million petrochemical plant at Fortier, La. (producing ammonia, acetylene, hydrocyanic acid, and acrylonitrile for plastics) which was a drain for most of last year, will be an earner this year. Formica Corp. was absorbed this year, further diversifying the enterprise and adding about 32c a share to ACY common. For 1956, earnings of $4.75 are possible, ample coverage for the present $2.50 dividend. Cash dividends customarily have been slightly above 60% of net. At around 72, ACY tends to repel bears.

Diamond Alkali Company turned in a very fine performance for 1955 with total sales of $110 million, up 18% from 1954. Per share net gain was even more impressive—from $2.14 to $3.38, up 58%. Traditional in the chlorine and alkali lines (caustic soda and soda ash) Diamond has now achieved a considerable diversification with its products finding their way into detergents, plastics, glass, paper, agricultural chemicals, etc. It has a 51% interest in Diamond Black Leaf Co., makers of pesticides and herbicides; and will acquire 100% within 4½ years. Earnings here have not yet materialized but the long range outlook is excellent. Research is about 3¼% of sales and is creating new products for the future.

Diamond has been a durable dividend payer with an unbroken record back to 1932. Since 1946, cash payout has averaged 55% of net. There was a 3% stock dividend last December; and there could be a similar extra this year. DIA, at 55, sells at about 16 times earnings, quite a low ratio for a chemical of its stature. Convertible 4.40% preferred issue was called in this year leaving capitalization at $35 million in debt, and 2,624,560 common shares. The President, Mr. J. A. Sargent, has predicted a gross of $150 million by 1960. Diamond has the ring of a good investment stock, with a substantial growth factor.

Monsanto ranks fourth in size among the big diversified chemical companies, with 1955 sales of $522,349,000; and per share net up 35% over 1954, from $1.46 to $1.98. Founded in 1901 as a manufacturer of saccharin, it has branched out into plastics and resins, detergents, agricultural chemicals and phosphates. Last year Lion Oil Corp. was acquired, expanding Monsanto operations into nitrogenous chemicals and integrated oil operations. MTC is also at work with National Research Corp. developing a new method of titanium production.

Monsanto common presently quoted on NYSE at 42 paying $1 is selling at 21 times earnings. At its 1946 high, MTC sold at 27 times net (then). Thus on an historical basis, and compared to other major chemicals, it should not be regarded as presently overpriced; and it may be undervalued.

Dow Chemical common sells at 70½, within a point of the year's high, despite the downspins elsewhere on the Stock Exchange list. It figures, Dow has consistently boasted superior management, remarkable creative research, and one of the most rapid sales growths in the industry. It has devoted almost $700 million to plant renewal and expansion in the postwar decade. Its fiscal year (which ended May 31, 1956) is the best in history; and while actual reported earnings will make the common sell around 27 times earnings, on a "cash flow" basis the ratio drops to 11.5.

People think of Dow and magnesium in the same breath. Yet magnesium accounts for only about 10% of sales, and, so far, the profit angle has been disappointing due to production difficulties and high depreciation charges. If and when costs are reduced, it is believed that this amazing light weight metal can become a large earner, moving in on a number of uses now exclusively served by aluminum. In any event a bearish long range view of Dow has been chronically unrewarding. Dow has been always a growth stock — and it still is.

We'd have like to have covered a few more issues today, but time permitted only singling out items that seemed to represent particularly solid values at the moment. If you want a panorama, then look at *Chemical Fund*, an investment trust that has done very well by specializing in this industry. The above described equities are, I believe, all found in the portfolio of Chemical Fund and, of course, in lists of dozens of other major institutional investors. Sharing in the chemicals has proved an opulent pastime.

Two With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert M. Slater and Alan E. Winterbotham are now with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Slater was formerly with Mitchum, Jones & Templeton.

Joins E. M. Bradley

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Donald E. Nichols is now connected with Edward M. Bradley & Co., Inc., 215 Church Street, members of the Boston Stock Exchange.

The Outlook for Business

By H. E. LUEDICKE*
Editor, "The Journal of Commerce"

Editor-Economist, stressing need for flexibility and moderation in economic advice, declares country's long-range outlook is up, the only doubt being by how much. From a shorter-term viewpoint, cites vulnerabilities developing under the boom's surface, as: rapid increase in private debt, continued inventory increase, wage rises, temporary saturation of consumer demand for durables, which will entail a corrective period of undetermined timing and severity. Believes third quarter will prove disappointing, but that thereafter pick-up in auto and related industries, textile cyclical upswing, and elimination of political uncertainties promise moderate rebound in fourth quarter. Says importance of monetary policy is exaggerated.

I

Economists have been right and economists have been wrong in their evaluation of short-range business prospects in recent years. On the whole, their "bias" has been more on the cautious side than that of the majority of the business fraternity. Boldness rather than caution has paid off in business.

Heinz E. Luedicke

There have been several occasions, however, when economists—over the same span of time — have been less bearish than businessmen. Those were the times when businessmen were inclined to swing too rapidly from one extreme to the other. The very recent past is a case in point.

Thus it can be stated with confidence that, for the post-war era as a whole, economists have successfully discharged their responsibility. This is **NOT** to tell businessmen how to run their businesses but rather to serve as a constant reminder that businessmen are not operating in a vacuum but have to conduct their affairs against the backdrop of the changes in the over-all economy. In other words, it is the economist's job to sketch for businessmen the general background against which they have to operate. This is a **continuous** job; not a function to be turned on only at the turn of the year and at convention time. Any business advice to be worth anything **must be based on frequent consultation** if it is to be successful in catching changes in the general business trend . . . and in catching these at a time when it is not yet too late to do something about them.

*An address by Dr. Luedicke before the Hosiery Manufacturers Association, Roanoke, Va., June 15, 1956.

Forecasting Tools

The low esteem in which economists are currently held as forecasters by many businessmen is actually undeserved. Their postwar record is far better than their reputation, as anyone can find out who goes to the trouble of checking such forecasts against the results.

Nevertheless, in working with economists and in order to benefit by such association, it is necessary to know how economists work and what their main tools are.

An economist who does not know how to change his mind, is not worth his pay. Going even a step further, an economist who is frequently found holding an extreme view either on the bullish or on the bearish side of the scale, is a dangerous consultant, as chances are that he will make you "over-stay" a market either on the upside or on the downside. There are some economists who like to be out in leftfield all by themselves. It gets them talked about and, if they happen to be right, it makes them highly successful — **for a while.** The trouble is that such popularity is short-lived and usually ends up with a big headache for the forecaster as well as the client.

Whenever you come to **suspect that a consultant's views are primarily** based on "intuition," the best advice is to "beware."

Intuition cannot take the place of imperfect forecasting tools. And though we have learned in the field of economics over the past 20 years or so, **economists still have not come up with any foolproof forecasting system** and there is little chance that they will do so—at least during our lifetime.

The student of economics in this country now has well over 1,000 statistical series, at his command, covering every conceivable phase of the economy. Actually, we now have too much rather than not enough statistical information. The difficulty lies in the proper correlation of the available information. This puts **the emphasis in forecasting on personal interpretation rather than on any mathematical formula.**

There is no reliable "indicator"-approach, because there is no single indicator, nor any relatively small group of indicators, which can be **relied on** to foretell a trend. There are no formulas or "models" which can "reveal" the future with mathematical accuracy. If there were, economists could soon be sent out to pasture and high school students with a slide rule could replace them.

There is a constant search among economists for the all-conquering "gimmick," the infallible yardstick, the free ticket to a life of coupon-clipping leisure in Florida. **That attitude makes economists their own worst enemies:** too often they promise more than they can deliver if they are trying to sell more than their own best, but not infallible judgment.

Actually, they can seldom hope to contribute more than a thought or two which previously may have escaped a client and which may help him to make some money or, more frequently, to avoid some loss.

II

The Basic Issue

If the task of the forecaster were only to foretell the price of rayon, silk, nylon or even finished hosiery three or six months ahead, economists would soon be out of business. There is more hope for us in general forecasting, particularly when it comes to long-range forecasting. If one thing is sure, **it is that this country's long-range outlook is up.** The question is merely how much up. When it comes to the **immediate future,** let's say the next three or six months, things are more difficult because the target date is near and does not permit too much "hedging."

Nevertheless, this is one job the forecaster cannot duck because he is being paid for guidance for the near-term and intermediate outlook.

Even such advice will be meaningless and strictly on a hit-and-miss basis, however, unless it is projected against the broad economic background.

You can make guesses on the third quarter production index, the fourth quarter automobile production or the second half gross national product—but such guesses won't mean a thing—even if you hit the nail on the head each time — unless you interpret the projected changes against basic economic trends or the basic issue of the day. And what is this issue?

The economy has now been going full blast ever since the initial post-World War II adjustment flurry. Thus, for nearly 10 years, it has experienced only two minor interruptions. These interruptions occurred in 1948-1949 and in 1953-1954; both of them were comparatively mild and **consequently did not bring about any real correction in the maladjustments that accompany any protracted boom in a free enterprise system** such as ours. Our system must rest on the principle of rewards and penalties if it is to maintain its dynamic character.

For this reason, it has been obvious for several years **that a number of vulnerabilities were developing under the surface of the boom.** Some of the chief ones were: the rapid increase in private indebtedness; the continued increase in inventories; the rapid increase in wages, once wage boosts exceeded productivity gains; the temporary saturation of consumer demand for durable goods, which finally resulted in this year's sharp drop in automobile production and the decline in residential building.

The big postwar surprise has been that these vulnerabilities, despite their cumulative impact, thus far have led to nothing worse than two relatively brief inventory recessions and several periods of so-called **"rolling adjustments."**

Has this been due to some basic changes in our economic structure? Or does it merely reflect the **fact that thus far the vulnerabilities still have not caught up with the underlying strength of the economy?**

That — and that alone — is the **economic key issue today.** Unless one is convinced that we have entered a "new era" in which the business cycle does no longer apply, one must accept the thesis **that the boom will inevitably create a need for a period of correction of true recession character.** The only question in doubt then can only be one of the **proper timing,** the start and the duration of such a recession as well as its severity.

This narrows today's economic key problem down to the question of whether we are currently witnessing the start of a cyclical decline that may lead up to the long-delayed postwar adjustment or whether it is merely an inconsequential wriggle in the business trend similar to the 1924 and 1927 boom interludes?

Expressed differently, the question is whether the economy—from its present "plateau" — will swing back into the advance right away, or whether there will be a decline first?

III

Patterns

The third quarter holds the key to the business pattern for the balance of 1956, as well as for the early part of 1957.

If the decline in business activity this summer is held reasonably close to seasonal proportions,

chances are that the **fourth quarter will witness a rebound** of somewhat better than seasonal extent.

If on the other hand the decline in the third quarter exceeds the normal seasonal letdown, the economy should find it extremely difficult to reverse its trend quickly. It may then be in for a protracted decline of sizable proportions.

First of all, here are the reasons why the third quarter probably will prove disappointing:

(1) The **automobile industry** is faced with the necessity of further downward revisions in production schedules if it hopes to make some real inroads into the stocks of 1956 cars in dealer inventories.

(2) **Residential building** still seems to be losing ground. Hence, the reversal in trend will be slower than hoped for.

(3) The rate of **inventory buying** is certain to slow down considerably, if not stop altogether, once wage and price uncertainties in the steel industry have been removed. Customer inventories of finished steel products are now larger than they probably have ever been.

(4) There are a number of **other industries** that have not been doing too well lately, such as textiles, rubber and farm machinery, and these are not likely to reverse their trends during the summer months.

(5) **International raw material markets** have been under pressure lately and are unlikely to reverse this trend quickly. Cases in point are copper and rubber.

(6) **Political uncertainties** will exercise a dampening effect on business spending between now and election time.

Among the reasons that point to at least a **moderate rebound in the** fourth quarter are:

(1) Active and early preparations for the introduction of **the 1957 car models;**

(2) **Recovery in the automobile satellite industries** parallel to the pick-up in the automotive industry.

(3) A possible resumption of an **upswing in the textile industry** according to its own short-range cycle;

(4) **Elimination of political uncertainties** after Election Day. The actual election result may well prove less of a factor than the uncertainty preceding the election.

This pattern is quite vulnerable to what happens to the 1957 automobile models. The auto makers are now saying that the model changes will be drastic; may even equal the 1955 improvements. Nevertheless, success may not be automatic because most of the 1955 customers may not yet be ready to return in volume as buyers for the next new models, even if instalment credit were to be made available at even more liberal terms than last year.

In case the 1957 models do not click, not only the automobile industry would find itself in trouble by next summer but such a shock could easily trigger a rather broad general decline.

For this reason, it is advisable to take any fourth quarter recovery with some reservations. It will need **confirmation** by full success of the 1957 automobile models **before it can be considered as the end of the current downswing.**

IV

The Money Squeeze

Those who believe in a quick and rather decisive rebound from this year's summer lows, do so because they rely heavily on a return of an easy money policy—right now.

The way they see the picture, the current "lull" is due entirely to a "money squeeze" that was set in motion last summer in an attempt to forestall inflationary boom excesses. Although at least some of the country's biggest bulls until recently maintained that last year's policy of credit restraints would prove a complete dud, their original ideas proved just that much "bull." The same observers are now just as convinced that a sharp break in business activity is imminent and inescapable even if the policy of credit restraints is being called off as of right now.

These observers are still convinced, however, that even in the case of a sharp break in business activity during the summer, the return to easy money — even though perhaps disguised as seasonal relief only—will bring about a quick and complete rebound by the fourth quarter, if not by the middle of the third quarter.

It is likely that this opinion is wrong on both counts. The slowdown of the boom was **not** due exclusively to money and credit policies. The reasons for the current period of levelling off actually lie deeper. Conversely, **the mere return to an easy money policy will not automatically restore the conditions of a year ago when inflationary tendencies threatened to get hold of the boom and run away with it.** Rather, a time lag of anywhere from three to five months probably will be needed before such a change in money and credit policies can be expected to take hold.

V

Inflation versus Deflation

Nevertheless, it certainly would be premature to assume that the inflation threat has been effectively and permanently removed from the economic scene.

To be sure, a sharp rise in the commodity price level is no longer imminent. Industry as a whole—because of competitive reasons—will find it difficult to translate this year's round of wage increases into anything like fully compensatory price increases. Instead, it will have to submit to additional profit squeezes.

But the fact remains that the economy still has great underlying strength and that this strength can easily be fortified further by administration policies.

The continuing need for huge defense and foreign aid outlays probably is the greatest single factor of strength currently. Domestic spending programs by states and municipalities will soon be reinforced by the new highway program and increased assistance to schools.

If these forces were to be intensified by a deliberate easing in money and credit conditions — such as the return to easier conditions for real estate and instalment credits and the green light for all types of business loans—it is most likely that the economy, within relatively few months, once again would find itself at the brink of inflation.

That is why the advice remains so timely that the best method to avoid recession is to stop it before conditions are created that inevitably will lead into it. **The way to stop a recession is to avoid preceding boom excesses**—and not to block such corrections as appear necessary to keep the economy's growth on a sound, well-balanced basis.

If such corrections are postponed time and again, this does not make them unnecessary; instead, it only makes them more drastic—in the end.

To consider the recent experiences in postponing such economic corrections as the arrival of a "new era" in economics, would be a fatal delusion.

That is why inflation is too high a price to pay even for full employment.

Dominick and Dominick to Admit Partners

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that effective July 1, Seymour H. Knox III and James E. Osborn II will be

Seymour H. Knox III

James E. Osborn II

D. Stewart Patterson

admitted to the firm as general partners and D. Stewart Patterson as a limited partner.

Mr. Knox, resident manager of the firm's Buffalo office, is a director of the Buffalo Insurance Company and Vice-President and director of Transcontinent Television Corp. He joined Dominick & Dominick in 1952.

Mr. Osborn has been associated with the firm since 1949 in its New York office.

Mr. Patterson is President of the Dominick Corporation of Canada. He is a director of a number of Canadian companies, including Henry Morgan & Co., of Montreal; Morgan Trust Company; Morgan Realty, Limited; Canadian Aviation Electronics, Limited; Great Britain and Canada Investment Corporation and Investment Foundation, Limited. He holds the Order of the British Empire. Mr. Patterson's office is in Montreal.

With E. F. Hutton & Co.

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—James D. Land and Jeanne M. Morey have become connected with E. F. Hutton & Company, 111 West Tenth Street. Miss Morey was formerly with Straus, Blosser & McDowell.

Don W. Miller Adds

(Special to The Financial Chronicle)

DETROIT, Mich. — Rheinhardt A. Bussler has become affiliated with Don W. Miller & Co., Penobscot Building, members of the Detroit Stock Exchange.

Fusz-Schmelzle Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — James S. Segasture has become affiliated with Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the Midwest Stock Exchange. Mr. Segasture was previously with Scherck, Richter Co.

With Mid-Continent Sec.

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Ronald K. Ward is now connected with Mid-Continent Securities Corporation, 3520 Hampton Avenue.

Farming Price and Crop Outlook

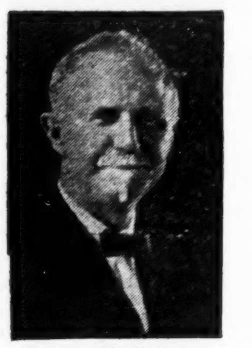
By ROGER W. BABSON

Massachusetts analyst believes "the farm price decline for this cycle is about over," and that the Soil Bank and other remedial measures should correct much of past agricultural errors. Mr. Babson offers outlook in wheat, rye, corn, cotton, and soybean crops.

From present early indications, Mother Nature may be of some assistance this year to harassed government officials—not to mention overburdened taxpayers—in reducing farm surpluses. My first survey of the 1956 crop outlook points to the lowest prospects in 11 years. Here are some of the highlights.

Wheat and Rye Outlook

For the third successive year, total production of wheat probably will fall short of the billion-bushel mark. Output of winter wheat—the main crop—may be in the vicinity of 670,000,000 bushels—down 5% from a year ago and well below average. If the spring crop amounts to about 253,000,000 bushels, as I expect, the total U. S. crop of 923,000,000 bushels would be the smallest since 1943. However, since the total July 1 carryover threatens to top 1,000,000,000 bushels, total supplies will still be burdensome.



Roger W. Babson

Rye is doing well in some areas, less so in others. Its over-all condition as of June 1 was 78% of normal, compared with 74% on June 1, 1955 and with the 10-year average of 82%. This could mean an outturn this year equaling or exceeding the above-average crop of 29,187,000 bushels produced last year. This would be sufficient for all requirements.

Large Corn and Soybean Crops Likely

It is uncertain at this writing just what effect the government's Soil Bank program will have on production of corn and soybeans this year, but my forecast is, not very much. Last spring, corn farmers indicated that they intended to plant an acreage 3.5% smaller than in 1955, when the crop amounted to 3,184,836,000 bushels — the sixth largest of record. Given favorable weather conditions, I believe the Corn Belt will "go to town" again this year. Meanwhile, I forecast higher average prices for old-crop corn, and lower prices for new-crop corn this fall.

Last spring farmers indicated intentions to plant a record 21,760,000 acres to soybeans — up 10.6% from the previous 1955 record. Nothing has since occurred, as far as I know, to materially alter those intentions. If weather conditions remain favorable, the 1956 crop of soybeans could easily top 400,000,000 bushels and set a new record for this wonder bean. Total supplies for 1956-1957 should not, however, prove burdensome, in view of the government support program and an expected heavy volume of total consumption. Some price weakness could develop this fall, with recovery to follow.

Cotton Prospects

The U. S. cotton crop is making generally favorable progress. It is too early in the season, however, to form any hard and fast opinion as to the final size. Possible insect damage must be reckoned with between now and harvest time. Plantings this year were officially restricted to a total of only 17,437,000 acres. As recently as in 1951, farmers planted 28,195,000 acres to cotton. No record crop will be grown on the relatively small 1956 acreage, but it may turn out to be larger than the cut in acreage would indicate.

Farmers in recent years have learned the art of intensive cultivation—of "getting the mostest out of the leastest." It is a safe bet that Dixie will follow this procedure in cotton this year. Even a reduction to only 10,000,000 bales would not go very far toward cutting the millions of bales in government hands. The cotton problem is still far from solution.

Farm Price Outlook

In the past several years, American farmers as a whole have taken it "on the chin" pricewise. In the last few months, however, the average of farm prices has been edging upward. Barring a severe business recession, which I am not now forecasting for 1956, I believe that the farm price decline for this cycle is about over. The Soil Bank plan and other remedial measures yet to be found and applied should go far toward correcting the errors of the past in agriculture, although some small and inefficient farmers may get hurt in the healing process.

Winslow, Cohu & Stetson to Be Formed

A new New York Stock Exchange firm, Winslow, Cohu & Stetson, will be formed July 1 following the dissolution on June 30 of Cohu & Co., Stetson & Co. and Winslow, Douglas & McEvoy. Until Aug. 1 customers' offices will be maintained at 1 Wall St., New York City, and 120 Broadway. Back office operations will be conducted from 52 Broadway until July 16 when such operations will be transferred to 26 Broadway. Effective Aug. 1 all business will be conducted from 26 Broadway.

Partners in the new firm will be Samuel R. Winslow, Eugene W. Stetson, Jr., member of the Exchange, Charles A. Bianchi, Charles A. Clark, Jr., Walter V. Austin, William J. Banigan, Pearne W. Billings, Arthur W. Breyer, Jr., William V. Couchman, member of the Exchange, Donald S. Kennedy, Paul V. Land, Malcolm S. McConihe, Jr., William C. McKinney, Henry G. W. Parmele, Charles W. Snow, Fred E. Walton, general partners; H. Wallace Cohu, general and limited partner; Barclay K. Douglas, John B. Fowler, Jr., Malcolm Goodridge, Jr., Harold W. McEvoy, member of the Exchange, Nathaniel P. Hill, Philip D. Holden, and John M. Lummis, member of the Exchange, limited partners.

With Ashton & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — John B. Hubert has been added to the staff of Ashton & Co., 15315 West McNichols Road.

Joins Wm. C. Roney

(Special to THE FINANCIAL CHRONICLE)

FLINT, Mich. — Stanford A. Andresen has been added to the staff of Wm. C. Roney & Co., 517 Harrison Street.

Chicago Inv. Women Elect New Officers

CHICAGO, Ill.—The ever-growing LaSalle Street organization, Investment Women of Chicago, has elected new officers for 1956-1957. They are: Agnes C. Burhans of Dean Witter & Co., President; Lucille B. Guenther of Northern Trust Co., Vice-President; Barbara Gallas of Stein, Roe & Farnham Fund, Inc., Corresponding Secretary; Mary Barbatosta of Hallgarten & Co., Recording Secretary; Ruth A. Steinke of Central Republic Co., Treasurer; Marie C. Miller of Glore, Forgan & Co., Assistant Treasurer.

Agnes C. Burhans

Halliburton Oil Well Cementing Co. Com. Stock at $78.75 a Shr.

Public offering of 350,000 shares of common stock of Halliburton Oil Well Cementing Company was made yesterday (June 20) at $78.75 a share by a group headed jointly by Lehman Brothers and Blyth & Co., Inc.

Part of the net proceeds from the sale of the shares will be used by Halliburton to repay a $10,000,000 short-term bank loan incurred to replenish working capital. The balance of the proceeds will be added to general funds of the company and will be available for capital expenditures and working capital requirements. The company's annual revenues rose in the five year period 1951-1955 from approximately $69,300,000 to $152,400,000, an expansion which has increased inventory and other working capital requirements.

Halliburton, incorporated in 1924, is the most diversified oil and gas well service company in the petroleum industry and its total revenues are the largest derived from such services of any company in the business. Its specialized services in connection with the drilling of oil and gas wells and the production of oil and gas include the furnishing and operation of pumping equipment for cementing, hydraulic fracturing and chemical treatment; retrievable packers and tools for formation testing; and electrical well service equipment. It also carries on bulk materials operations, principally of cementing materials and fracturing sand, and in addition sells manufactured and purchased products related to its service activities.

Net revenues of Halliburton during 1955 totaled $152,446,158. Net income amounted to $16,263,958, equivalent to $4.96 a share on the 3,280,000 common shares outstanding on Dec. 31.

Joins Mid-Continent Sec.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Mrs. Helen M. Hunn has been added to the staff of Mid-Continent Securities Corporation, 3520 Hampton Ave.

Forms Sanford & Co.

SAN FRANCISCO, Calif. — Laurence Sanford is engaging in a securities business from offices in the Russ Building under the firm name of Sanford & Co. Mr. Sanford was previously with Walter C. Gorey Co. and Schwabacher & Co.

From Washington Ahead of the News

By CARLISLE BARGERON

If you want to get a kick out of the Washington scene I refer you to the predicament of those Senators on the special committee to investigate whether the oil and gas industry exercised any undue influence over them and their colleagues in the recent fight to remove the Federal Government from control over the gas industry at the source. Congress passed legislation exempting the industry but President Eisenhower vetoed it because one Senator rose in high indignation in the Senate to tell how a representative of one oil company had sent him a contribution of $2,500.

Carlisle Bargeron

This caused a scandal which the newspapers have been insisting should be investigated up to the hilt. How many other Senators have been offered campaign contributions from oil and gas people in the past, how many have accepted such contributions?

Well, there being a lot of oil and gas people and their having a lot of money, they are well known to have contributed many dollars to the campaigns of Congressional, Senatorial and Presidential candidates just as they have done to churches and schools. As a matter of fact, they have been known as fat calves to professional money collectors, political and otherwise. It hasn't been that they have been trying to throw their weight around so much as that they are set-ups for fund raising drives.

Well, all the Senators understand this situation but there is a demand on the part of the pure press that they do something because such goings on as this are a stench in the nostrils, and unless we have an unfettered legislative body we cannot hope to make friends with the rest of the world and show "our friends" abroad how decent we are so that they will continue to take our foreign aid.

A young Senator by the name of Gore, of Tennessee, whom you can bet has never received a penny of campaign contributions from an oil or gas man, but has from the CIO, because he is a loyal supporter of labor, moved in with a view to purifying his fellow law-makers. His idea of a purifying process was to conduct a headline investigation during the present Presidential campaign to show that the Republicans had been heavy recipients of oil and gas money.

The Senate Republicans thought they would be damned if they would permit this, and the Democratic leader, Senator Lyndon Johnson, agreed this would be terribly unfair. So they created an investigating committee under that great judicial and nonpartisan mind, Senator McClellan of Alabama.

Somehow the story has been built up around him that he is a man who is eminently fair. He is just a mild fact seeker. He doesn't browbeat witnesses. A staid old gentleman from Arkansas, you can rest assured that he will get at the facts without doing any wrongdoing to any of the decent citizenry.

Well, it so happens that this conscientious Senator finds himself in a dilemma as to how to proceed to satisfy the press. He first sends out a questionnaire to all Senators asking them to let it be known if any oil or gas money had smeared them. He got one answer from a Senator, Milton Young of North Dakota, who said he had been accused by a North Dakota newspaper, unfriendly to him, of having been bribed to vote for the gas bill. He demanded the committee investigate. After some reluctance, Senator McClellan called in the offending editor, who said, "aw, nuts," that's the way we play politics in North Dakota.

However, the newspapers kept on the Senator's neck to come up with some scandals. So in due time, the Senator brings before the committee, the heads of an organization which the oil and gas people had set up in New York several years ago in anticipation of the gas fight in Congress. They called this an "education committee" and apparently, over a few years, they gave more than $1,500,000 to the publicity firm of Hill and Knowlton to carry on this "education."

As I understand it, under the original lobbying act, this publicity firm would have had to register as "lobbyists" because they were writing or "causing to be written" for pay, matter designed to influence legislation. But the Supreme Court ruled a few years ago that this was too broad, that lobbying meant, in effect, bottonholing and importuning the dear Congressmen.

But Senator McClellan and other harassed members of the committee professed to be shocked at what this "education" committee through Hill and Knowlton had done. Why, said the Senator, joined in by other Senators, your educational campaign has exercised more influence on Congress than any direct lobbying could have done. Hill and Knowlton with an eye to their clients graciously admitted this could be true.

This being the case, said the Senator with his colleagues nodding agreement, the clients shouldn't be able to deduct the money they paid for this educational campaign from their income tax.

So the great investigation designed to investigate Senators is likely to turn into proposed legislation to prevent industries from deducting from their income taxes money which they spend on publicity to save their industries from Congress.

Presumably now, other "educational" committees will have to be setup. An influential Washington newspaper which has been on the Senate committee's neck has commended it for bringing to light this very serious situation of where "the taxpayer pays for indirect lobbying." Senator McClellan and his colleagues are hopeful this will be considered enough of an accomplishment.

An Economic Review And Outlook for Bankers

By WILLIAM F. PLOCH*

Retiring President, New York State Bankers Association
Vice-President and Chairman, Trust Committee,
Franklin National Bank, Mineola, New York

New York banker expects a renewed upswing after steel and certain durable consumer goods inventories are reduced; is pleased that retiring N. Y. Federal Reserve Bank President Sproul concurred in Association's recommendation that a study be made of the whole banking situation; and cautions against delegating lending responsibility to younger bank officers unfamiliar with unfavorable economic turn of events.

The past year was marked by an expanding economy accompanied by increased employment and a substantial upsurge in the demand for bank credit. The upswing in business activity which started in September 1954 culminated in December 1955, the Federal Reserve Index of industrial activity rising from 124 in September 1954 (1947-49 = 100) to 144 in December 1955. Since the beginning of the year the economy has leveled off and remained at a high plateau.

William F. Ploch

The total number of people gainfully employed increased from 61.7 million in April 1955 to 64 million in April 1956. During the past year there has also been a moderate increase in commodity prices as well as in wages. The cost of doing business has thus continued to rise.

The banks of the country have been materially affected by the high level of business activity. The demand for bank credit increased considerably, the volume of commercial, industrial and agricultural loans of the weekly reporting member banks in 94 cities rising from $22,737 million on May 18, 1955 to $28,203 million on May 16, 1956. In order to accommodate their customers the banks not only have been forced to sell a large volume of government obligations but also at times to borrow substantially from the Federal Reserve banks. Borrowing of the reporting member banks from the Reserve banks increased from $159 million on May 18, 1955 to $556 million on May 16, 1956. During the same period holding of U. S. Government securities declined by nearly $6.7 billion.

Renewed Upswing Expected

Influenced by the increase in commodity prices, as well as by the very substantial demand for bank credit, the Federal Reserve Board adopted a policy of active credit restraint. The discount rate was raised five times since April, 1955—from 1½ to 2¾%—and to 3% in the Minneapolis and San Francisco districts. Throughout the period money has been tight and interest rates rising. The two outstanding sources of demand for credit were consumer credit and home mortgages. The volume of consumer credit increased by $5.6 billion during the 12 months ending March, 1956, while the volume of mortgages on non-farm 1- to 4-family houses increased by $15.7 billion during 1955 as compared with an increase of $11.9 billion during 1954.

Since the beginning of the year, as previously stated, business activity has leveled off and a number of soft spots have developed in the economy. The output of automobiles and farm equipment has decreased. The number of home starts, which in 1955 was over 1,300,000 units, is now running at an annual rate of about 1,100,000. Farm income is still low and measures have had to be taken by the Government to strengthen that sector of the economy. As against these adverse factors, however, it should be noted that the volume of industrial and commercial construction is at a new peak and that estimated capital expenditures by corporations are 30% higher than a year ago.

What the future holds in store it is impossible to state. However, the following facts are rather reassuring. The economy is healthy and growing, based not only on the rise in population and the constant increase in the standard of living but also on the huge amount of money being spent on research, which creates new values. The economy is on the whole sound, and after a reduction in inventories of steel and of certain types of durable consumer goods has taken place a renewed upswing may be expected.

As commercial bankers we perform a most important function in the economy and have a correspondingly great responsibility. Among the fundamental requirements for the welfare of our country is adequate development of the facilities of our banks so that they may maintain and further advance the high standards of banking and of living. If we do a good job in making certain that banking facilities are developed, maintained and supplied on a high level of efficiency it will contribute greatly to a continuance of healthy activity in all fields and provide a deterrent to negative factors.

National Study Needed

A need for study of the whole banking situation in the State of New York was recognized a year ago when your Association embarked on its study of the banking structure in our State and recommended to the State Legislature that it undertake a similar study. I am pleased to say this need has been recognized by responsible authorities on the national level. Allan Sproul, retiring President of the Federal Reserve Bank of New York in a speech on May 24 appealed for such a study on the part of a Presidential commission. I am sure all of us here today concur in that recommendation. Many of the problems confronting commercial banks of New York State can be properly dealt with only on the national level.

Previously I referred to the part commercial banks could play in influencing the development of negative factors in our economy. Recently William McChesney Martin, Chairman of the Board of the Federal Reserve System said:

"Let us talk about 1929 objectively, not as a matter of fear, but remembering that there were excesses of human nature in 1929. I personally believe we are in a stronger position to minimize effects of the business cycle than ever before, but let us, in a period when we are having some readjustments in the economy, which in my judgment we can stand—let us not be afraid to recognize that this is a loss economy as well as a profit economy and losses, when they come, must be borne by someone, whether the government, or you or the people. Otherwise, we cannot have a free society," he concluded.

Skill in Lending

May I suggest that many of our banks have delegated considerable lending authority to younger men who have not been seasoned with experience gained in an unfavorable economic and financial atmosphere. The skills required in loaning money when the whole economy is sky-rocketing are far less exacting and important than they are under less favorable conditions. It is important that we be ever mindful of the important responsibilities we have in shaping the credit policies of our institutions, recognizing and evaluating the degree of risk in loans and maintaining sound loan portfolios.

We must know when it is time to take effective action on credits in which weaknesses are developing. We must know the distinction between progressive and warranted credit liberality that is of benefit to both the borrower and the lender, and unsound credit liberality that is of benefit to neither party. Above all we must know the character and capacity of those to whom our institution is extending credit. In this time of rapidly expanding loan volume, ours is indeed an exacting task of immense importance and responsibility. The future soundness of our banks as well as the financial welfare of those with whom we deal depends very heavily on how well we do our jobs.

*From an address by Mr. Ploch before 60th Annual Convention of the New York State Bankers Association, Spring Lake, N. J., June 15, 1956.

Howard Hayden Joins George G. Shriver Co.

BALTIMORE, Md. — George G. Shriver & Co., Inc., Mercantile Trust Building, have announced the opening of a new department to specialize in the distribution of Mutual Fund Shares. This new division will be under the direction of Howard R. Hayden.

Mr. Hayden was formerly Vice-President of Value Line Fund Distributors, Inc. of New York City. In this connection he was actively engaged in working with retail dealers in the 41 states in which the Value Line Funds were qualified.

George G. Shriver & Co., Inc. was established in 1931.

Two With Hincks Bros.

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Thomas W. Foley and Harry D. Sampson are now with Hincks Bros. & Co., 157 Church Street. Mr. Sampson was formerly in the Trading Department of Chas. W. Scranton & Co.

D. H. Lurie Opens

UTICA, N. Y.—David H. Lurie has opened offices at 134 Farmington Road to engage in a securities business.

L. B. Wadham Opens

ALEXANDRIA, Va. — Lester B. Wadham is engaging in a securities business from offices at 47 East Reed Avenue.

The General Business And Automotive Outlook

By A. H. BAUME*
Manager, Business Research Department
Mercury Division, Ford Motor Company

Ford Economist opines: (1) short-run outlook of current "rolling adjustment" will continue during, and possibly beyond, the third quarter with expected upward auto and housing activity by the year-end; (2) automobile long-run view is just as favorable as it was a year ago; and (3) hearty appetites for new cars will return following current "debt-digestion" period. Mr. Baume is encouraged by the over-all employment, retail sales, and capital spending picture, and believes we have acquired the ability to replace recessions with "rolling adjustments," so that the declining auto, housing, farm equipment and possible third-quarter steel inventory-production decline need not spread to the rest of the economy.

A. H. Baume

We are now in the early stages of a "rolling readjustment." The $399 billion annual rate of Gross National Product in the first quarter will probably prove to be at or near the crest of the expansionary movement in production which started in mid-1954.

Despite the fact that over-all activity is at a peak, we have evidence that the adjustment has already started, in that several key sectors such as autos, farm equipment and housing are now operating well below year-ago levels. For example, the seasonally adjusted annual rate of housing starts has been declining for over a year, reflecting, among other things, the tightening of mortgage credit. Housing is especially vulnerable to changes in credit conditions for several reasons. First, since federally underwritten mortgages constitute such a large proportion of total mortgages and since the maximum interest rates on such mortgages are fixed, a rise in the going rate of interest above these maxima results in a substantial decline in the volume of FHA-VA mortgages generated. Second, while conventional mortgages may carry higher rates, they typically require a larger down payment which prices some people out of the market. However, the seasonally adjusted annual rate of housing starts may be expected to bottom out at the current rate of 1.1 million units. Credit will probably be eased within the next few months. In my opinion, however, the easing will be too late to attain the official goal of 1.3 million for the year. A total of not more than 1.2 million appears more likely at this time.

Another area where the "rolling readjustment" is already manifest is Consumer Durables. According to Department of Commerce figures, the annual rate of Consumer Expenditures for Durable Goods dropped $1 billion in the first quarter of this year. We do not have the breakdown as yet but it is likely that just about all of this decline took place in the "autos and parts" sector, which totaled $16 billion in the fourth quarter of 1955 and $18 billion in the third quarter (annual rates).

Although the over-all dollar figures are not yet available, we do know that the number of cars sold was below 1955 levels. In the first four months of 1956 new-car retail sales were down about 16% from the record volume of a year ago.

The Automobile Perspective

Incidentally, this may be a good place to put the current decline in auto sales into proper perspective. There is no question that the auto industry is a negative factor in the national economy as compared with 1955. Yet retail sales in the January-April period have been considerably above those in the same period of any year other than 1955. The only occasion during which sales were sustained at levels above those of the past few months was during the scare buying spree right after the outbreak of war in Korea in mid-1950. Further, it is well to remember that retail car sales in 1955 were about a million above the second highest year, which was the aforementioned 1950. We could suffer a substantial decline this year and still have the second or third best year in history.

You will probably be wondering why the auto industry is experiencing any decline at all while most of the rest of the economy is booming. An important reason why consumers' purchases of cars were likely to drag this year is that they could not continue to go into debt at the rate of last year. Instalment credit extended on passenger cars was above the 1955 level in January and February; but March extensions were below March of last year and repayments on auto debt were considerably higher. Consequently the rate of increase on auto credit outstanding has tapered off. Monthly repayments on auto instalment credit are currently running at about 5½% of disposable income compared with about 5% a year ago. Auto repayments account for slightly less than half of repayments on all consumer instalment debt.

It should be emphasized, however, that the unprecedented rate of credit expansion in 1955 has not caused any distress insofar as repayments are concerned. According to American Bankers Association's figures, delinquency rates on auto loans are running at just about the lowest level in recent years.

One result of the increased debt burden has been a stronger market for used cars. This is because of the lower price and down payment required to buy a late model used car relative to a new one. Used car sales have been close to year earlier levels, and stocks represent less than a month's supply. Used car prices have been strong.

To summarize the automotive outlook: as you know, Detroit is notorious for its optimism and we are no exception. Despite the decline in production and sales of new cars so far in 1956 it may be appropriate that the long-range trend of the automobile industry is just as favorable as it was a year ago—probably more so. By this I mean that our market potential is greater than ever before in terms of such basic factors as population and income.

As far as the short-run is concerned, we are encouraged by the fact that the decline in our industry (as well as in farm equipment and housing) has not spread to other sectors. Overall incomes and employment are up. The used car market has been unusually strong. All this suggests that the public is going through a period of "debt digestion" and as repayments are made on the huge volume of debt contracted in 1955, their hearty appetites for new cars will return.

General Business Picture

Getting back to the general business picture, let us examine some other measures of economic strength. The Federal Reserve Index of Industrial Production for March, which measures output in factories and mines, was about 1½% below the peak reached last November and December. The drop was concentrated in the area of Durable Goods Manufacturing, primarily automotive. Yet, despite widely publicized layoffs in the automotive and farm industries, total employment in April was at an all-time peak for the month and unemployment was below that of April, 1955. Although some localities have been hard hit, the overall employment picture remains excellent.

Not only are record numbers of people working but incomes are being augmented by substantial wage increases granted so far this year. For example, the wage boost granted in the woolen textile industry amounted to 12¢-15¢; in cotton textiles, 8¢; in aircraft, 11¢ plus 7¢ for 1957; in petroleum, 6% with a minimum of 15¢; in cement, 18¢. The steel industry is negotiating with the steel workers' union. A settlement in line with those just mentioned is indicated.

Reflecting the higher employment and income situation, retail sales in many areas are breaking records. Department store sales, which largely reflect the non-durable goods area, are running well above the 1955 volume which in turn was above 1954.

Another factor that is on the increase is government spending. After declining from mid-1953 to mid-1955 government purchases of goods and services are on the way up.

Spending by state and local governments shows a steady upward trend and will continue to do so as we satisfy the needs for more schools, roads and other services required by our expanding population.

National security spending was sharply reduced by the Eisenhower Administration in 1953 and 1954. However, new and improved weapons require increased amounts of money and it is likely that the cost of defense will rise in the period ahead. Other Federal spending will probably also rise as we extend more aid to agriculture and enact a Federal road program.

Capital Spending Factors

The most favorable factor of all at this time is the outlook for capital spending by business. Businessmen are planning to spend at a $35 billion annual rate for plant and equipment in the second quarter, $8 billion above a year ago and an all-time record. This spending is playing an important role in maintaining high production and employment in many industries.

In my opinion, such a sharp increase reflects several things: (1) confidence in the long-term growth of the economy, (2) confidence in the political atmosphere, (3) the development of new products and processes and (4) the continuing need to remain competitive cost-wise and product-wise.

Largely because of the boom in plant and equipment spending, new orders have remained ahead of shipments of durable goods manufacturers ever since the end of 1954. Seasonally adjusted new orders have been declining since December and in March were roughly equal to shipments at 13.4 billion. However, production can be maintained for some time in the face of an order decline because of the backlogs built up over the past year and a half.

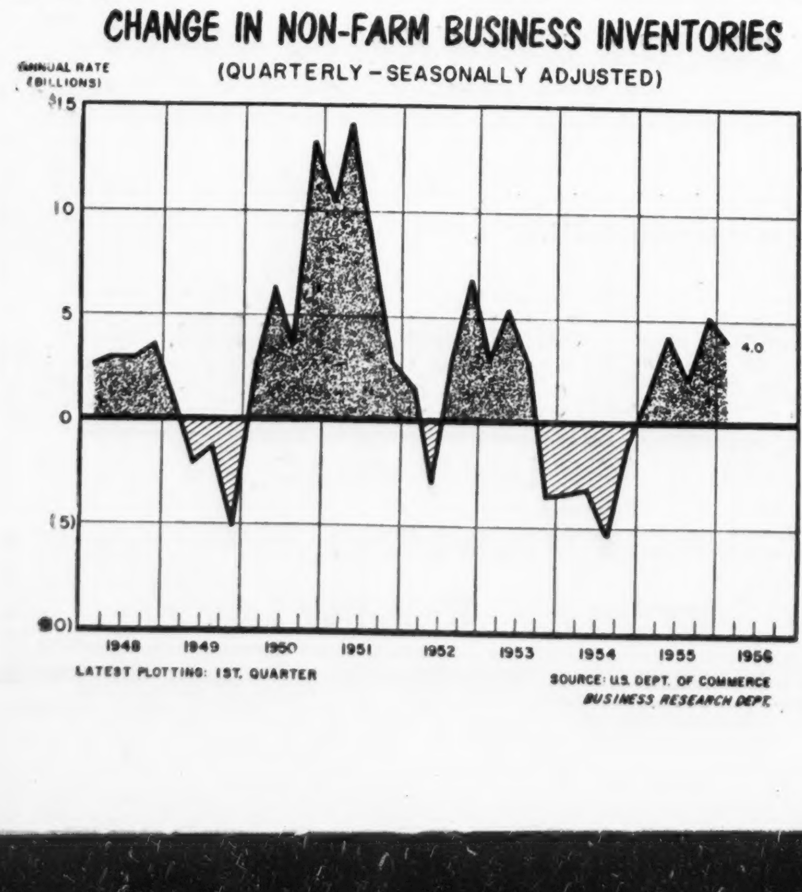
The greatest impact of the boom is apparent in steel, the heart of the durable goods economy. Despite some decline in automotive requirements the steel industry operated at close to 100% of capacity in April. Weekly average production just barely missed equalling the all-time peak established in March.

This brings us to the factor most likely to trigger a decline in the third quarter — namely, inventories. Because of the prospect of higher steel wages and prices—not to mention a possible strike—buyers have been stocking up rather heavily. After the wage settlement and the price adjustment, there is a good possibility that customers for certain types of steel will live off their inventories for a while and that steel production will decline in the third quarter.

Inventory Record Since 1948

Figures for the first quarter show that business inventories were being accumulated at a $4 billion annual rate. This was about a billion below the rate in the fourth quarter, but this decline reflects the special situation in the auto industry, where early model introductions resulted in most of the accumulation taking place in the fourth quarter rather than the first quarter.

As the chart shows, sooner or later inventories become ample after a period of buildup and some liquidation is called for. This happened in 1949 and again in 1953-54. The reason for the abnormal rise in 1950-51 was, of course, the buildup of defense inventories during the Korean War, and the temporary dip in 1952 resulted from the steel strike at that time.



With the expected abatement of inventory-building after the impending wage-price settlement, it is quite possible that industrial production will decline in the third quarter.

Some years ago any such decline would have been viewed with widespread apprehension, lest it initiate a major recession or depression. Such a development is certainly not impossible even now; yet it does appear from our experience since World War II that, through a happy combination of luck and skill, we have acquired a knack of "rolling with the punch."

What used to be recessions have become "rolling readjustments." This term refers to a situation where production declines in one or more industries without spreading to the rest of the economy. In fact, other sectors may be rising, tending to offset, at least in part, the deflationary impact on incomes and employment.

Because of the increase in inventories and the rise in the prices of certain basic materials, the Federal Reserve has been steadily tightening credit.

However, it has been made abundantly clear by the monetary authorities that any overall weakening in our economy will be met with a loosening of credit by the Federal Reserve to help take up the slack.

The short-run outlook then, is that we face a continuation of the current "rolling readjustment" during the third quarter and possibly beyond. However, by year-end we may expect another upward thrust on the part of autos and housing.

Before we close, you might be interested in taking a brief look at the impact on our market in the next 10 years of just one basic factor—people.

Our population now exceeds 167 million, up 16 million from the 1950 Census. Each year more than 4 million babies are born. The net increase in our total population last year was 2.8 million.

It is clear that there will continue to be periods when even our economy—the greatest productive machine the world has ever known—will be hard pressed to meet the demands made upon it in terms of schools, roads, homes, hospitals, etc. Not only population growth but our changing age pattern will see to that.

For example, it is estimated that our population will increase by 15% between 1955 and 1965. Yet in 1965, the most productive age group—that from 20-64 years of age—will be only 9% larger than in 1955, while the groups under 20 and over 64 will grow by 23%. The ratio of consumers to producers will tend to rise throughout the period. Furthermore, the trend is toward a shorter work-week, as well as a lower retirement age.

I think it is clear that we must raise our sights far above today's levels in order to meet this challenge and capitalize on the enormous growth of our markets.

*An address by Mr. Baume before the Grand Rapids Chapter of the National Association of Cost Accountants, Grand Rapids, Mich.

Recuperating

Fred J. Cook, H. M. Byllesby and Company, Incorporated, Chicago, a member of the Bond Traders Club of Chicago, has returned home after a siege in the hospital. He would enjoy hearing from his many friends throughout the country—he resides at 463 Lenox, Oak Park, Ill.

With Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. Emlyn V. Mitchell, Jr. has joined the staff of Goodbody & Co., 140 Federal St.

Public Utility Securities

By OWEN ELY

Niagara Mohawk Power Corp.

Niagara Mohawk Power, one of the largest power producers in the country, has had "three strikes" against it marketwise since last summer—but its far from being "out." These were, (1) the controversy over the St. Lawrence project with the New York State Power Authority, (2) the recent passage of the Lehman Bill by the Senate, which would give the Niagara Power project to the Authority instead of to Niagara Mohawk and four other utilities, and (3) the more recent rock slide at Niagara Falls which demolished two out of three units in the big Schoellkopf hydro station near the Falls. The stock dropped from last year's high of 36¼ to a recent low of 28⅝, then recovered to around 30. At that level, paying $1.80, it yields 6%, which is generous considering the size of the company, the equity ratio of 34%, etc. About a year ago, at 36 and paying $1.60, the yield was only 4.4%.

The first two factors were only of long-term significance. The issue over the building of transmission lines and the allocation of St. Lawrence Power was amicably compromised by the company and Robert Moses, head of the Authority. It will be disappointing of course if the company isn't allowed to build the Niagara project, to which is has devoted so much well-qualified effort, but the company would doubtless be allocated power in any event. The Senate Bill, with its strong public power preference provision, is in conflict with the New York State law and should be modified in the House and in conference. In fact it seems rather unlikely that the House will act at all this year; two years ago it passed a bill by a decisive majority favoring Niagara Mohawk.

The destruction of the two units at Schoellkopf raises many new questions, however. So far as the effect on current earnings is concerned, President Machold has been quoted as stating that calendar 1956 profits should not decline below last year's $2.22. Earnings of about $2.30 for the calendar year had been forecast some months ago.

It is difficult to confirm these estimates on the basis of published information because of the many factors involved. The power from Schoellkopf was 25-cycle and could be sold only to a number of industrial plants around Niagara Falls with corresponding equipment, who use such power instead of the modern 60-cycle current. (Many of these companies for some time have been converting gradually to 60-cycle.) The company was able to restore service within a few hours by purchasing some extra power from other utilities and by running some old hydro units around the clock. However, the situation would have been more difficult had it occurred in December when peak loan exceeds the summer level by about 400,000 kw.

The 20,000 feet of water at the Falls licensed to Niagara Mohawk is now available to the Ontario Hydro-Electric Commission (which is said to be permissible under our Treaty with Canada if the power is going to waste). Niagara Mohawk has taken up the matter of its power shortage with the Ontario Commission, from whom it had purchased a considerable amount of "dump" power though it has no contract for buying firm power, and the Commission has assured the company that it will make available 225,000 kw. of 25-cycle power on a firm basis for at least three years. It is understood that at times Niagara has also supplied power to the Commission, when badly needed.

The power from the Schoellkopf station had been sold under special rate schedules with industrial companies at a rate of about 3 mills per kwh.—a very low rate on which the company probably did not make a very big profit. To the extent that the power from the Falls used by the Schoellkopf station is no longer available the new rates for this power will reflect the increase in cost of obtaining power elsewhere.

The question of rebuilding the 335,000 kw. plant remains somewhat indefinite, since the company has not yet formulated any plans. Engineers are still studying the damage from fire and flood to Section 3A which was not demolished by the rock slide. This unit had a capacity of 104,000 kw. or nearly one-third of the total for the station. The company is hopeful that this unit can be rebuilt.

It is uncertain at this time what the kw. cost of such rebuilding would be. The original cost of the Schoellkopf plant was only $84 per kw. but this of course was back in the 1920s. The 200,000 kw. Cabinet Gorge (built by Washington Water Power about two years ago) cost only $219 per kw. Press reports indicate that Westinghouse Electric thinks it could rebuild Schoellkopf for only $35 million, which presumably referred to two units only, making the cost about $170 per kw. In any event, whatever the new plant might cost, the company should be allowed to earn a fair rate of return on the new investment.

The actual write-off on Niagara Mohawk books will of course be far less than the estimated reproduction cost. The net figure after depreciation will range between $10 and $20 million, it is reported, or about half that much if a 52% tax loss can be taken on the Treasury books (however, the plants may have been written down more heavily for tax purposes than for company books). With 11.6 million shares outstanding, the book value of the stock might be reduced from $20 to $19. The adjustment would doubtless be made in surplus account and presumably any large tax savings resulting from the write-off would be "normalized" in the income account.

While it is impossible at this time to assess the results of the catastrophe with any accuracy, the effects do not seem at all disastrous to stockholders if Niagara gets the "breaks" which it expects and deserves.

Ware & Co. Opens

DALLAS, Texas—Ware & Co. has been formed with offices in the Burt Building to engage in a securities business.

With Shelley, Roberts

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — H. Richard Christiansen is now with Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

Shelley, Roberts Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jas. L. McCray has become connected with Shelley, Roberts & Co., Russ Building.

Continued from page 6

Internat'l Commodity Exchanges For Prosperity and Growth

on a purely domestic basis. They are undoubtedly responsible for creating enormous surpluses which make the freeing of the market from government interference temporarily impossible."

I think it is of great significance that the Council of the International Chamber of Commerce, which met in Paris just a few days ago, decried governmental measures that restricted the freedom of importers and exporters to negotiate freely the terms of their transactions. The Council, at the same time, stated it would ask the United Nations to study the possibility of removing the main obstacles which hamper trading in commodity futures.

Recent Improvement

However, the picture is not one of unrelieved gloom. Let me call your attention to one development which may have deep implications. Several nations which are burdened with various types of currency controls have modified these controls to the extent that commercial interests in commodities futures can make remittances abroad, for the purpose of settling commodities transaction, with comparative freedom.

We can't expect free enterprise to function properly unless we make it free—and that is a truism which applies to the United States as well as to all other nations outside the Iron Curtain. We have a job of education to do in this country and I believe we can be of some help to our friends overseas.

NATO for Economic Betterment

A few weeks ago Secretary of State Dulles raised the question of using the North Atlantic Treaty Organization as a vehicle for economic betterment. I am in thorough agreement. The commodity futures markets are a truly American contribution to stability and confidence. The free flow of commodities aided by the marketing facilities of organized commodity exchanges have materially contributed to the continuing rise in our standards of living and have favorably affected the American consumer. Let us export this concept of market freedom via commodity exchanges to the free people of the world.

I would go a step further than Secretary Dulles. I recommend that the South East Treaty Organization be adopted to the same end—to stimulate production, distribution and consumption of commodities by eliminating artificial trade barriers and deriving the greatest benefit from the free commodities exchanges.

Acquaint World With Commodity Exchanges

The United States is currently spending millions of dollars on trade fairs throughout the world. I suggest that we introduce a new slant — show to the leaders of Europe and Asia how the commodity exchanges can lead to the formation of truly world markets and how free world markets can contribute to the peace and prosperity of peoples everywhere.

Progress may seem slow at times but, over the years, our industry has made tremendous forward strides in serving both the consumer and the producers, processors and distributors of commodities. I can recall that some 40 years ago most banks were unwilling to extend a line of credit to any firm in the commodity trade if that firm used the futures markets. Evidently the banks felt there was something not quite respectable about the futures markets. Today, banks are much more liberal in extending credit to firms in the commodity trade where a concern has its market protected by futures contracts.

I am grateful to this audience for your attention and for the time you have given me. Your day-to-day concern, I realize, is to efficiently take care of the needs and demands of your customers. But, in the process, you are accomplishing a larger mission — the effective functioning of our commodities markets.

Jacobson and Grant Big Board Golf Champs

Robert J. Jacobson of Benjamin Jacobson & Co., New Jersey State amateur golf champion, won the low gross trophy of the New York Stock Exchange Golf Association with a 76. The 57th annual tournament was played Tuesday (June 19) over the course of the Winged Foot Golf Club in Mamaroneck, N. Y.

Mr. Jacobson won in a drawing with Robert Grant of Clark, Dodge & Co., who had the same score over the east course. Mr. Jacobson played the west course.

Low net honors and the Board of Governors Cup were won by Albert Franklin of Franklin & Co. with 90—24—66. George Shea of "The Wall Street Journal" was the low scorer in the concurrent financial writers golf tournament, with at 81.

2 With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Gordon W. Beito and Ruth B. Frisby have joined the staff of Minneapolis Associates, Inc., Rand Tower.

Jamieson Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Walter Pisner is now with Jamieson & Co., Endicott Building.

THE MARKET... AND YOU

By WALLACE STREETE

The stock market has worked off its jitters. Now if it can only work up some enthusiasm, a good summer rally is assured.

* * *

This week, some recently forgotten groups showed renewed vigor. This occurred mostly when the leading groups, like the steels and motors, appeared to be tiring after sparking the rally from the selloff of two weeks ago.

* * *

One group particularly made "hay" — the cement shares, the darlings of the vast projected Road bill. Alpha Portland, General, Lehigh, Lone Star, Penn-Dixie put on a good spurt, supported by such adjuncts as Caterpillar Tractor and Bucyrus-Erie.

* * *

The cement stocks have had a long climb, characteristic of growth issues, since back in 1953, and some as far back as 1949. Generally speaking, they have tripled since 1953 and now rule some four or five times prices paid for them seven years ago. Until recently they languished in a trading range for about a year, and are just now coming alive again.

* * *

Among depressed issues finding favor these days is Schenley Industries. Its stock suffered from the unusually high excise tax on distilled liquors imposed in connection with the Korean War. Things look better down Washington way for a general reduction in excise taxes. Schenley's book value is equal to around $52 a share, and after all senior obligations, its net working capital comes to more than $37 a share — or about twice the current price of this equity.

* * *

If the market continues its dull ways for any length of time, it can be expected that specialties will come in for the best play. In this connection the substantial decline in Vanadium could attract some attention. Barium Steel, a relatively low priced issue also presents some possibilities. The company could be strategically set if there is a steel strike for its labor contracts run to the end of August. The recent General Electric tie-in with Barium gives it added potency.

"Marked-Down" Issues

When the services come up with some sort of a list of "marked-down" issues, there's generally an immediate flurry. Such was the case this week when Poor's Investment Service listed seven attractive stocks in such a category — American Cyanamid, Halliburton, Kaiser Aluminum, National Distillers, Pfizer, Reynolds Metals and United Air Lines.

* * *

The tobaccos have done little recently. Phillip Morris has come into attention, however, for two reasons. First, there's the introduction of a new brand of popular-priced mentholated cigarets called Spuds getting a West Coast introduction next month. Then Wall Street's "Figure Philberts" have come up with the notion that PM will probably experience the widest percentage earnings gain among the cigarette makers this year. Net is projected up to the $4.50 to $4.75 per share range, which would compare with $3.63 a share in 1955. The stock yields almost 7%.

"Stock-of-the-Month"

American Can has been touted as the stock of the month by Standard & Poor's. Although it has limited appeal for short-term speculation, the issue, returning 4.5% at current prices, is attractive for individuals and institutions to whom secure income and equally secure longer-term growth prospects are important.

* * *

ACF Industries has taken on new support since its recent optimistic report. This diversified company in freight car manufacture, electronics, guided missile devices, nuclear energy and tank car rentals, noted that net for the fiscal year ended April rose to $6.08 a share from $5.17 in the preceding year. This did not take into account the 46 cents a share of "other earnings." By next winter when all the preferred stock will have been retired, there will be official talk about some kind of a stock dividend or split, according to company officials.

* * *

This may be a good time to take a second look at Certain-Teed Products. Recently the company announced it would "spin-off" its Bestwall Gypsum—give one share of Bestwall for each three Certain-Teed shares held. It appears that as a major producer of gypsum and its products Bestwall can show initial earnings of close to $5 a share, and get up to $8 to $10 a share by 1957-58. Based on projected earnings Bestwall is expected to begin as a $50 stock.

* * *

If the current trend of expanding car rental continues, three firms could reap vast benefits. Of the three, Hertz, Avis and Couture, Hertz alone is a public corporation. It has 1.5 million shares outstanding (listed on the Big Board); no preferred but $25 million of debt. It earned 47 cents a share in the first quarter (against 38 cents a year earlier) and is considered to have fair growth possibilities.

A Diversified Money-Making Rail

Among favored rail issues at the moment is Chesapeake & Ohio Railway, the seventh largest in the country in volume of revenues, which serves the rich bituminous areas of southern West Virginia, eastern Kentucky and southern Ohio. Recovery in coal output gives it a big potential, but diversification is also important to this money maker.

* * *

C. & O. is expected to earn a record $8 a share this year, up from $7.25 in 1955. Such a showing would encourage the hope that the current $3.50 dividend might be boosted. Now, that dividend yields almost 6% for the stock.

* * *

Pennroad Corp. is another low-priced issue that warrants some attention. It has officially been converted to a regulated closed-end investment company. A 5% stock dividend has been declared, and the company reportedly intends to distribute in cash all of its 1956 net investment income as well as net long-term capital gains in excess of available capital loss carry-over. The cash distribution is expected to be made late this year, with the balance to be paid before June 30, 1957.

* * *

Rockwell Manufacturing Co. comes well-recommended. Yielding around 5.6% the issue of this valve, meter and power tool maker appears attractive for capital gain as well as its yield. Company announced it has begun an expansion program at its Delta Power Tool division, that will increase the manufacturing facilities of the division by 70% in the next year.

* * *

In recent months the electric utility shares have had a rather bad time marketwise. The best explanation for this is rising bond and preferred stock yields which have exerted pressure on utility common stocks. Due to the recent declines, 5% yields in the market are plentiful and include such important units as Duquesne Light, Union Electric and Public Service of Indiana.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Securities Salesman's Corner

By JOHN DUTTON

EDITORIAL

Those of you who read this column from time to time will remember that during the 16 years I have prepared it week after week for the "Chronicle," that if I have stressed any one point in security salesmanship above all others, it is that I believed and have tried to emphasize that **sincerity of purpose in placing the customer's welfare first**, is the basis for a successful career in the investment business.

Some of us are more capable salesmen than others, there are personality traits, energy patterns, and other factors that enable some men to make more money than others selling securities. Some men are satisfied with modest earnings and less work and, although I don't agree that anything as important as advising clients on their investments should be handled on a partial effort basis, I have no quarrel with those who work less and earn less. The main point is, how thoroughly do you work? Do you advise or sell? There is a difference and it is a very important one.

No Short-Cuts to Success

There are those who believe that some sales magic, some new twist (which isn't new) will give them a short-cut to business and customers. These people are present in any business. There are those who are impatient with the slower, methodical, purposeful effort which the majority of truly successful men have found to be the only answer to success. I am quite sure that in the investment business we no longer have a very large percentage of the former type of individual. But they do exist and they are not confining themselves to the use of the mails, telephone, or the press alone, but as always they think that personal solicitation will provide them with a large amount of business provided they make enough calls, see the people, and stimulate emotional reactions usually based upon the gullible investor's penchant for obtaining "quick profit."

Frankly, I don't know of much else that can be done to eliminate misleading, come-on advertising of all kinds. Nor are some of the investment advisory services sacrosanct in this respect by far. This is not to be considered as a plea for further controls on the securities business. We certainly have an overabundance of regulation now with the "Statement of Policy," the business conduct committees of the N.A.S.D., the SEC regulations, the state Securities Commissions and laws, the statutes against fraud. I am of the opinion (and always have been) that our regulatory situation is oppressive, overdone, and complicated as far as it concerns the sale and underwriting of securities.

But as a salesman, dealing with people and writing this column expressly for securities salesmen, I'd like to offer just one suggestion. It has proven itself for me and for other men that have been in the investment business a long, long time. If you are new in the business, if you are building up a clientele now, don't be tempted by "Gimmicks," by any ideas that you think may produce some sales for you just because they temporarily gain the attention and arouse the cupidity of a potential customer.

Some Pertinent Examples

Recently one of my good clients received a long distance call from New York (1,500 miles away). This person is a most intelligent investor, a former judge now retired, and he said to me, "I let him talk, finally I said, you are wasting your firm's money. You don't think I'd buy any stock over the telephone, in a company about which I know nothing, from a complete stranger, do you"? If you have the confidence of substantial, intelligent investors, you won't have to worry about their reactions to this type of solicitation by someone who is only looking for speculative accounts and a "sale."

Recently I received a circular addressed to my home from a firm located thousands of miles from where I live. It offered a low priced so-called "growth stock." The circular was impressively printed and a coupon for return was enclosed which I could use to request a full report on the subject company. At the bottom of the page in longhand was written "You will remember I mentioned that I would send you a report on this growth company, etc." It was signed by the same person whose name appeared on the circular. Now there is nothing wrong in this, but I don't remember having met the man, talked with him, or receiving mail from him. He couldn't open an account with me nor could anyone else on such a flimsy basis as this.

The Right Way

If you are more than a salesman, if you are in this business to help people to live better, sleep better, and have more income now and later; if you believe that something good costs money and that something worthless is never cheap, if you conscientiously feel that you are on this earth for a few short years to try and live among your fellowmen and contribute something to the world's betterment within the limitations of your ability, then continue to do the best you can to help people to be more successful investors according to their needs. There are millions of people in this country who need help. Make that your foundation stone for success and you will never regret it. Let those who think they can find the short cuts learn the hard way.

Halsey, Stuart Group Offers Boston & Maine R. R. Equipments

Halsey, Stuart & Co. Inc. and associates yesterday (June 20) offered $4,200,000 of Boston and Maine RR. 4½% equipment trust certificates, series 1, maturing annually March 1, 1957 to 1971, inclusive.

The certificates, second installment of a proposed issue of $18,510,000, are scaled to yield from 4.25% to 4.375%, according to maturity. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The entire issue of certificates is to be secured by the following equipment estimated to cost $23,151,130: 1,574 box cars; 326 hopper cars; 100 flat cars; 32 coaches and two baggage-coaches.

Associates in the offering are—Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter, Williams & Co.; Freeman & Co.; Gregory & Sons; Ira Haupt & Co.; The Illinois Co. Inc.; Wm. E. Pollock & Co., Inc.; Shearson, Hammill & Co.; McMaster Hutchinson & Co.; Mullaney, Wells & Co.; and F. S. Yantis & Co. Inc.

Alexan ler Named President of N.Y. State Bankers Association

President of National Bank of Geneva succeeds William F. Ploch. Other new association officials include Richard S. Perkins, Vice-President and George S. Nichols, Treasurer.

Vernon Alexander, President, The National Bank of Geneva, was elected President of the New York State Bankers Association at its 60th Annual Convention, on June 15, at Spring Lake, N. J. He succeeds William F.


Vernon Alexander


Richard S. Perkins


George S. Nichols

Ploch, Vice-President and Chairman, Trust Committee, Franklin National Bank, County Seat Office, Mineola.

Richard S. Perkins, Vice-Chairman of the Board, The First National City Bank of New York and President, City Bank Farmers Trust Company, New York City, was elected Vice-President, and George S. Nichols, Executive Vice-President, First National Bank in Highland Falls, Highland Falls, was elected Treasurer.

The Bankers of New York State also elected three men to it governing body, the Council of Administration, for three-year terms:

Anson F. Sherman, President, The Citizens Bank of Arcade, Arcade.

J. Henry Neale, President, Scarsdale National Bank and Trust Company, Scarsdale.

William R. White, Vice-President, Guaranty Trust Company of New York, New York City.

The New York State Bankers Association has as members 555 financial institutions holding approximately one-third of the commercial banking resources of the nation. Other members include investment banking houses, savings banks, and foreign bank agencies.

The Choice of a Profession

By ALEXANDER WILSON

Advice which is seldom heard at June college commencements.

Writer rates Intellectual, Aesthetic and Artistic accomplishment more soul-satisfying than the accumulation of Wealth for Wealth's sake.

This wonderful country of ours may be said to be almost money-mad at times because the Almighty Dollar seems to be the goal of the great majority. Contrary to common belief, money does not grow on trees in this bountiful land of ours. Wealth is the result of long patient effort, enterprise and hard work. Individual or governmental wealth is more than a printing press operation and is not born of caprice or chance.

Little boys and big boys are sometimes admonished that the acquisition or possession of wealth is the yardstick of success in America, where nearly everybody, almost without exception, has been living extravagantly beyond their means in recent years, with a day of reckoning certain to come again unless we wake up in time, as in October and November of 1929 when so many good souls from Bootblacks to Presidents over-extended themselves financially and paid for it in the national liquidation losses which followed those hectic days.

As an offset to the pursuit of the Almighty Dollar, the writer believes that we should imbue the younger generation with a new ideal urging greater attainments of an altruistic character, such as career efforts in the arts, painting, music, sculpture, invention, ethics, literature, poetry, religion and statesmanship, not for money returns alone but primarily for the love of their profession, their country, their fellows and the edification of the human race.

If the youth of our nation were to choose one of the above vocations it would not be long before America would rival the finest things in art done in past civilizations and thus widen the writer's choice of the most versatile names in the world's history: Moses, Leonardo da Vinci, Benjamin Franklin, Louis Pasteur, Washington, Jefferson, Lincoln, Robert E. Lee, Dwight D. Eisenhower, Bernard Baruch, Shakespeare, Saint Francis of Assisi and the many sided Winston Churchill, and two of the world's most outstanding humanitarians, Ex-President Herbert Hoover and Albert Schweitzer, in addition to such world renowned women as Madam Curie, Helen Keller, Sarah Bernhardt, Elizabeth Barrett Browning, Sister Elizabeth Kenny and Florence Nightingale, adding the names of more Americans to this distinguished list of immortals would only be a matter of time.

Let us hope then that these altruistic aspirations, leading ultimately to Fame, Glory and World Distinction for intellectual and artistic accomplishment, will not appear to be too grandiose or "out of this world" for the youths and maidens of America, and that a larger number of our sons and daughters will, in the years to come, choose the fine arts and distinguished achievements of mind, hand and heart, in preference to the sole acquisition of wealth, affluence, luxury, a life of ease and the material rewards of the Almighty Dollar as their main objective.

Kuhn, Loeb to Admit Warburg & Miralia


S. G. Warburg


David T. Miralia

Kuhn, Loeb & Co., 30 Wall St., New York City, members of the New York Stock Exchange, on June 30 will admit Siegmund G. Warburg and David T. Miralia to partnership.

E. F. Hutton Will Admit Three Partners

On July 1 E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, will admit William V. Stockdale, member of the Exchange, to general partnership, and Ronald Peck Boardman and Carl M. Keiffer to limited partnership. Mr. Stockdale and Mr. Keiffer are partners of Beer & Company, which will be dissolved.

John C. Legg & Co. To Admit Partners

BALTIMORE, Md. — John C. Legg & Company, 22 Light Street, members of the New York Stock Exchange, on July 1 will admit Standish McCleary, Jr. and Kenneth S. Battye to partnership.

California's New Rule on Uranium Issue Sales

Commissioner of Corporations promulgates new Rule 538 stipulating requirements of a broker selling as principal, or as agent for seller, securities of a company prospecting for or producing uranium.

W. H. Stephenson, Commissioner of Corporations of California, announced that, effective May 23, 1956, all security broker licensees in the state must adhere to new Section 538 pertaining to handling of uranium stock issues. Text of the rule follows:

"538. Requirements of Broker Selling as Principal or Agent for Seller Securities of Company Prospecting for or Producing Uranium.

"A broker may not sell as principal, or as agent for seller, securities of a company engaged in the search for or production of uranium unless at least 48 hours prior to such sale he shall have filed with the Commissioner the following information concerning the issuer:

"(1) An audited balance sheet as of a date not earlier than 90 days prior to the filing with the Commissioner, prepared by an independent public accountant.

"(2) An itemized statement of the consideration received by the issuer for the original issue of its securities.

"(3) A detailed statement of any rights, warrants or options to purchase securities outstanding, the terms and conditions thereof, to whom issued and the consideration therefor.

"(4) A statement prepared by a competent and disinterested mining engineer showing the status of the issuer with reference to exploration, production, and mining operation or operations.

"The Commissioner may request additional pertinent information concerning the issuer. In such event a broker may not sell such securities as principal, or as agent for seller, within 48 hours after the filing of such additional information with the Commissioner."

Albert Frank Opens Los Angeles Office

Albert Frank-Guenther Law, Inc. has announced the opening of a branch office in Los Angeles under the direction of Russell H. Clevenger, recently transferred from New York. This office will enable the agency to provide more complete and on-the-spot service to its advertising and public relations clients in Southern California.

The firm, with headquarters in New York, maintains other branch offices in Boston, Philadelphia, Washington, D. C., Chicago and San Francisco. The new office is located at 1308 Wilshire Boulevard, Los Angeles.

A Real Look at Turnpike Bonds

By GEORGE I. McKELVEY, JR.
Manager, Municipal and Revenue Bond Dept., Tucker, Anthony & Co., New York City

In evaluating turnpike revenue issues throughout the country, Mr. McKelvey sees no reason to condemn all toll road bonds because, in a few instances, traffic and toll collection figures are not measuring up to engineers estimates. Describes Ohio and Indiana prospects, among others, and calls attention to Pennsylvania Turnpikes contemplated truck toll reduction and steady pre-maturity-date debt reduction. Finds worrisome roads possess sizable safety margins in reserve funds, and that early traffic and toll income figures can be easily misunderstood

When the year 1956 began it brought with it what amounted almost to a revolution of feeling about turnpike revenue bonds. Eagerly sought after by investors and institutions alike during the previous few years, they suddenly appeared to become the "Pecks Bad Boy" of the securities markets. Column after column of newspaper and magazine space played up the lack of revenue on one road or a scarcity of truck traffic on another with the result that the whole turnpike program of the nation was put in jeopardy. This all developed because, in a few instances, traffic and toll collection figures were not measuring up to previous estimates made by the engineers. It might be that what was written was justified. It also might be that a lot of it was unnecessary. One thing is certain—it frightened many investors to the point where they sold their turnpike bond holdings regardless of quality. Having discovered a wormy apple in the barrel, they assumed that the entire content of the barrel was also worthless. In the words of one prominent man in the turnpike field, "so much pessimism is unwarranted."

G. I. McKelvey, Jr.

This is not intended to be a Pollyanish refutation of previous criticisms of turnpike financing. If some toll facility has a tight financial squeeze ahead of it, that fact should be properly appraised and acted upon. But no good is accomplished by depressing markets through the dissemination of only the unfavorable aspects of the picture. Isn't it time someone said something good about the turnpikes? Has anyone seen commendatory articles about how the Pennsylvania Turnpike is steadily reducing its debt before maturity date, so that by June 1 of this year, they will have retired, by serial maturity and by call $43,040,000 of their original debt? Has anyone headlined the fact that the Southern State Parkway on Long Island, partially opened less than two years ago, has already retired some of its debt from surplus earnings? Is there any big hue and cry about the little Denver-Boulder Turnpike in Colorado having called in almost 10% of its original debt in so few years of operation? Would it be news that the Turner Turnpike in Oklahoma is now collecting tolls at the rate the engineers thought would be achieved in 1989? Those, and others, are facts to be borne in mind as 1956 rolls along, for it will be a big year of commencement for toll projects. The balance of the year will give investors a chance to analyze their holdings more critically for more and more turnpike facilities will become available for public use. In order to so analyze, however, they must realize some of the basic facts with which they will be confronted and not jump to a hasty conclusion based on the earnings of the first few months.

One new project has already partially opened. On April 4 the first part of the Hudson County Extension of the New Jersey Turnpike—the long bridge across Newark Bay — was put into use. It was financed with junior lien bonds but investors will have little opportunity to judge the project on its merits because it is only a partial opening and the least important part of the total. Furthermore, its revenues are being included with the other receipts of the Authority for all revenues from all projects flow into one fund to service both the first and second lien bonds. Since the revenues of the New Jersey mainline are so large, such an analysis might be pointless anyway. Net revenues for 1955 on the main line were enough to pay operating costs on the whole Hudson County Extension and pay interest on all first and second lien debt with a couple of million dollars to spare — if **no** traffic whatsoever uses the extension.

On May 25 the bridge across the Delaware River linking the New Jersey and the Pennsylvania Turnpike systems became a reality. It too was financed with second lien bonds and again, the tolls will probably be lumped with other toll receipts by both Authorities. So again new material for study and analysis by the students of tollistics will therefore not be available.

Virgin Territory Being Explored

On July 4, however, there is scheduled a new facility opening which should contribute to the store of turnpike statistics. It is the 40 mile Kentucky Turnpike, running from the outskirts of Louisville southward to Elizabethtown. Originally planned for a Jan. 1 inaugural its construction problems were magnified by bad weather conditions, but now the July 4 date looks reasonably sure. This toll road will be in a section of the country where no toll road previously existed so its traffic figures will present an interesting study.

A traffic engineer has three great unknowns to deal with when trying to appraise the traffic for a new tollway. They are (1) the normal growth of traffic in the area during the construction of the road, (2) how much of the traffic on the free roads before the turnpike was built will be "diverted" to the toll road and (3) how much "induced" traffic will use the road—traffic not on the highways at the time of the survey, but which will traverse the area because of the better facilities afforded.

From a study of the original prospectus concerning the Kentucky issue it would seem that the normal growth estimate for the area was about 9%. According to traffic counts made by the State this growth has been just about realized although whether the traffic in the immediate vicinity of the turnpike is greater or less than the statewide average we have no way of knowing.

Not Much Cause for Anxiety However

At any rate, it would seem that one engineering hurdle has been jumped. The other two still lie ahead. What would happen in the case of Kentucky if traffic should not be diverted according to estimates or traffic should not be induced as per schedule? Actually it need not be too worrisome to the holders of the bonds for there is a sizable margin of safety existant — actually about 67% of the traffic estimated by the engineers would support the road until 1962—that is, pay interest on the bonds and retire the principal according to schedule—for the cost of maintenance and operation is paid by the State Highway Department.

This is because a cushion has been provided by funding interest on the debt until Jan. 1, 1957 out of the bond proceeds. This means that almost six months of gross earnings could be accumulated before anything has to be paid out. By 1962 the 67% ratio of estimates would put the road "in the black" henceforth. More than that, we understand the State hopes to have enough money left because of savings in construction costs to set aside more than one additional full year's interest in reserve as required by the bond indenture. If that additional cushion materializes the Kentucky project could have a good long period of time in which to prove itself without any anxiety on the part of the bondholders.

Indiana Misleading Early Figures

Also scheduled for opening early in July is a 50 mile section of the 156 mile east-west Indiana Turnpike. No specific date has yet been set but the section to be opened is that nearest the eastern, or Ohio border. It should catch a month or two of heavy summer traffic. Nevertheless, investors and students alike might be led afield if they draw too hasty conclusions from the early toll records. In reading them—if they appear wide of the engineers' mark — one must bear in mind that the east-west traffic in Indiana—on Route #20 for instance, which roughly parallels the turnpike—is only about one-fifth as heavy at the eastern end of the state as it is at the more heavily industrialized western border, near Chicago. This fact could cause quite a distortion in the figures.

But here again the investor will have a long waiting period before he has to finally appraise the worth of the road, for Indiana, too, has funded the debt interest out of bond proceeds. All they must do is pay operating costs until Nov. 15, 1957. In addition they have been most provident in husbanding the funds saved on their construction contracts. Figures recently given by the Authority officials indicate the possibility of their having enough such surplus in their reserve funds to provide an additional two years of interest charges. If this should develop into a fact it would provide such a wonderful cushion against less-than-anticipated traffic there would be no real financial concern for quite a few years.

At present, some say truckers are avoiding the use of the Ohio Turnpike. Pennsylvania, in the recent contemplated reduction of some of their truck tolls may accentuate Ohio's problems which might possibly carry westward into Indiana. But the reserves mentioned would amply take care of any problems arising from that source. If passenger car traffic lives up to estimates, (and it has on just about every road to date) the reserves mentioned would carry the Indiana Turnpike successfully forever even if truck traffic was reduced to one-quarter of the engineer's estimates.

Next in order of opening — really scheduled for June but delayed until sometime in September because of delay in steel deliveries — is the balance of the previously mentioned Hudson County Extension of the New Jersey project. This is the important stretch of this road—the part that will create a bypass of the congested Essex and Hudson County roads leading to the mouth of the Holland Tunnel in Jersey City. Again, however, tolls will probably not be segregated from other receipts of the Authority so analysis—previously indicated to be superfluous—will be difficult.

Also scheduled for the early fall, from present appearances of the project somewhat doubtful of accomplishment, is the three-mile section of the New York Thruway from Yonkers to the New York City line. This is a vital part of the roadway to the Nyack Bridge which feeds traffic into the controlled section of the Thruway. Its completion should raise toll revenue for the entire project and any such increase will be plainly visible in the record of receipts at the Yonkers barrier.

Scheduled for an Oct. 10 debut —we have heard no word to the contrary—is the entire 236 mile Kansas Turnpike from Kansas City to Topeka to Wichita and points south. Although new to Kansas, turnpike facilities are not entirely new to the area for Oklahoma's Turner Turnpike has been operating successfully, right "next door" as it were, for more than two years. Studying the engineer's estimates for normal growth in the area during the construction period of the road and comparing it with figures at hand for state wide traffic growth in Kansas, it would appear that the latter has fallen a little short of requirements. This might, or might not be important for it is possible the growth around the metropolitan areas of the three cities mentioned will have been greater than for the state as a whole.

A Cushion for Kansas

But again, it could prove to be of no immediate import, for Kansas, like some other roads, has funded interest on its dept until Oct. 1, 1957. To illustrate the value of this funding operation, one can forget the need for the normal traffic growth of the area completely and one can cut the estimated induced traffic for the first year right in half—in other words, reduce the toll estimates by 30%—then, if passenger car traffic figures hold up, Kansas could operate without financial problems until 1965 by which time the natural growth anticipated by the engineers would put them back into profitable operation. On top of that, they hope to augment that cushion with construction fund savings to the point where their mandatory two year interest reserve fund would be close to full. That would take care of any traffic deficiencies for a very long time.

Early in November, if all goes on schedule, the remaining and major portion of the Indiana road is scheduled to go into operation. Here, however, one ought to make

allowances for an opening in the beginning of the winter season since toll receipts for the cold weather period will only be commensurate with the reduced rations on which all turnpike projects feed during that time. Then too, the western end of this vast road will be tapping entirely new turnpike country — people may have to learn to use it.

The Massachusetts turnpike builders have every hope of cutting the ribbons at each end of their 123 mile east-west highway on Nov. 15. They were seriously delayed by hurricanes encountered during early construction and it will require good working weather to accomplish their objective. Running from Route No. 128 just west of Boston to the New York State line, the road should attract heavy traffic in specialized areas across the state. Traffic in Massachusetts has been growing steadily since the bonds were floated in 1954, the results for 1955 showing an increase of 4.6% over the previous year. The first two months of 1956, on a statewide basis, show an 8% increase over the same period for 1955. It would appear therefore that the normal traffic growth anticipated may be realized.

No Trucks on Massachusetts?

As in the case of Indiana, however, caution must be exercised insofar as early traffic returns are concerned. Winter is the lean period for such facilities. Even if seasonal traffic should be so light that it seems to be falling short of expectations, it need be nothing to concern the investor for quite a period. According to the last report of the engineers on construction progress, the Authority has a very large unspent balance in its construction fund, in addition to which interest on the debt is funded until Nov. 1, 1957. If only half the balances now unspent find their way into the reserve accounts, and if passenger car traffic lives up to estimates, the Massachusetts pike could survive indefinitely without one single truck operating on its roadbed. Such an eventuality is too ludicrous to consider. All one has to do is drive Route No. 20, Route No. 9 or some of the other heavily trucked Massachusetts roads to realize that the new highway will offer a wonderful opportunity to escape the congested conditions now existent.

Finally, the last remaining section of the Pennsylvania turnpike which has been financed is due to open late in the year although at this writing we have no definite time schedule. This is the 73 mile northern end of the north-south Northeasten Extension — the part between Allentown and the Scranton area. The 37 miles from Allentown south to the mainline was opened in November 1954.

Earnings on the newer sections of Pennsylvania's vast toll road network have not yet built up to the engineer's estimates but this deficit can be overlooked for several different reasons. In the first instance they, too, have funded interest on the debt until sometime in 1957. Secondly, they have very large unspent construction fund balances, a goodly portion of which should surely find its way into the reserve account of the project and finally a relatively small percentage of the original earnings estimates will carry the project comfortably until the huge earnings from the first sections of Pennsylvania's network becomes available to service the new debt.

Pennsylvania has taken cognizance of slower traffic conditions in the area by the planned revision of their toll schedules as mentioned earlier. The revision is based on the principle of charging the user in proportion to the value of travel over a particular section as contrasted to the previous uniform per mile basis. The engineers feel that revenues will be materially increased thereby. Although presently bogged down by a political maneuver—politics is the bane of successful turnpike construction and operation—one can feel sure the structure of the bond indenture will prevail.

All told therefore, 1956 will be an eventful year in turnpike history. While there are probably many turnpike snarls still to be unraveled in the days ahead it behooves investors to study their investments carefully before making any unwise decisions.

Hill, Darlington and Van Ingen Affiliate

Hill, Darlington & Co., members of the New York Stock Exchange, announced the firm has admitted as general partners L.

Thomas W. Hill

Peter Darlington

L. Walter Dempsey

B. J. Van Ingen, Jr.

Walter Dempsey, Bernard J. Van Ingen, Jr., Duncan C. Gray and Albert F. Haiback, all officers of B. J. Van Ingen & Co., Inc., municipal bond dealers and distributors, which has become a corporate affiliate of Hill. Darlington.

At the same time it was announced that Mr. Dempsey has been elected President, and Peter Darlington a Vice-President, of B. J. Van Ingen & Co. Inc. The municipal bond business of the Van Ingen organization will be continued in the same manner as heretofore, and the affiliated firms will maintain offices at 57 William Street, New York; Binghamton, N. Y., Miami, Fla., Chicago, Ill. and 41 East 42nd Street, New York. They will have a direct wire system to Chicago and Miami.

Other partners of Hill, Darlington & Co. are Thomas W. Hill, Peter Darlington, Henry Darlington Jr., Ernest M. Fuller and Samuel B. Morse.

Smith, Barney & Co. To Admit Partners

Smith, Barney & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, on July 1 will admit George L. Nye, Ernest B. Schwarzenbach and Caleb Stone to partnership. Mr. Nye is in charge of research and statistics for the firm; Mr. Schwarzenbach is in the foreign department.

With Paine, Webber

PHILADELPHIA, Pa. — Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange, announce that Frederick L. Bowden and Richard D. Hardy are now associated with them as registered representatives in their Philadelphia office, Girard Trust Company Building.

Tremendous Plastic Market Seen in Tomorrow's Cars

Already using 250 passenger car components made wholly or in part of plastics, Chrysler's executive engineer foresees tremendous potential market for plastics as soon as cost hurdle is solved.

Anticipated trends in the design of automobiles offer plastics manufacturers "a tremendous potential market," Harry E. Chesebrough of Chrysler Corporation, told the keynote session of the Society of the Plastics Industry's Annual Conference in New York City, June 12.

Mr. Chesebrough, who is the corporation's executive engineer in charge of product planning, cited three definite trends which could result in wider application of plastic materials in automotive production:

(1) The trend toward much greater use of transparent materials in the upper half of car bodies, for maximum vision and a light, airy appearance.

(2) The trend toward the use of "lifetime parts"—parts which do not require service or replacement, and which are less subject to corrosion and other forces of nature.

(3) The continuing effort to reduce car weight.

"The most tantalizing prospect in this potential market is in the latter area — the automotive designers constant struggle to obtain more favorable power to weight ratios," Mr. Chesebrough said.

Must Be Competitive

"If the market potential is to be realized," the Chrysler engineer continued, "these plastics will have to be competitive with steel and light metals in terms of both cost and performance, as well as being suited to simple, inexpensive production."

"I can assure you, however, the automobile industry is not wedded permanently to the use of any one material," Mr. Chesebrough said.

The biggest hurdle facing the plastics industry in promoting increased use of their products is cost, yet the progress in solving this problem has already resulted in Chrysler Corporation using plastic water pump impellers, heater housings, and nylon bearings for door latch mechanisms. About 250 passenger car components are made wholly or in part of plastics," he added.

"By present day cost standards in the automobile industry," Chesebrough said, "plastics are not competitive with steel for body fabrication. We know that plastics have many desirable features which make them suitable for body shells. The immediate goal, therefore would seem to be to devise a low-cost, durable plastic which could be formed and assembled as readily as we now form and assemble steel. If—and when—such a technique is developed, it seems conceivable to me that we would be on our way to extending the use of plastics to body shells."

Required Characteristics

"The trend to more transparency in the upper half of a car demands a material with considerable structural strength, resistance to abrasion and climatic conditions and adaptability to complex shapes," he noted.

"More and more of the parts in future automobiles will be designed to last for the life of the car. Our goal now, as always, is to develop components which will require less and less servicing and replacement. The plastics industry has already furnished us with just such a component in the self-lubricating speedometer drive pinion made of nylon.

"I am confident that the same ingenuity and creativeness which has brought about such rapid progress in plastics in the last few years will, in short order, enable you to create materials which will measure up fully to our needs and expectations," Mr. Chesebrough told the plastics manufacturers and scientists.

Arthur Krensky & Co. Add to Staff

Edw. G. Chase, Jr.

CHICAGO, Ill. — Edward G. Chase, Jr. has joined Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchange, as an account executive, according to Arthur M. Krensky, President.

Mr. Chase was formerly with the Chicago office of Merrill, Lynch, Pierce, Fenner & Beane, where he served as an account executive for the past 10 years.

New S. F. Exch. Member

SAN FRANCISCO, Calif. — Ronald E. Kaehler, President, has announced the election of Leonard J. Smith to membership in the San Francisco Stock Exchange. Mr. Smith is a voting stockholder of the member firm of Stern, Douglass & Co., Inc.

The membership was acquired by transfer from Donn C. Douglass, also a voting stockholder of the corporate member firm. Mr. Douglass has not been active on the Floor of the Exchange, and Mr. Smith proposes to devote his entire time on the Floor on behalf of his firm. Mr. Smith is an experienced Floor broker, having been a Specialists-Odd Lot Dealer on the American Stock Exchange.

Instalment Credit in Britain

By PAUL EINZIG

Dr. Einzig sees indications of success, though not to the extent desired, in Britain's consumer credit restriction program, and finds ratio of effectiveness increases with the unit sale's size. Opines dissaving produces a reduction in pent-up inflation, and that book credit used to circumvent credit control is still more effective than the more liberal, customary instalment credit terms.

LONDON, Eng.—There are indications that the restrictions imposed on instalment credits early last year, and reinforced on repeated occasions since, are producing their desired effect, even though not to the desired extent. It is in the sphere of the automobile industry that the restrictions are the most effective. In other trades they are circumvented on a large scale through the granting of ordinary book credits. But the amount involved in the case of the sale of motor vehicle units is too large for that type of financing. It is largely because instalment credit restrictions are effective that the demand in the automobile industry has declined. Its decline has not been sufficient, however, to affect the over-all inflationary position. Although consumer demand as a whole has been curtailed to some extent, it is still sufficiently large to make it worth while for employers to concede wages increases.

Dr. Paul Einzig

Restrictions on instalment credits are unpopular, and even though most people realize that they are a necessary evil, they are subject to much criticism. The latest attack on them is based on the contention that their effect is largely nullified by dissaving.

If potential buyers have to pay a larger initial deposit, if they are keen enough to buy, they simply draw upon their accumulated saving. To the extent to which this is done the restrictions are, according to the critics, ineffective.

Quite apart from the fact that a good many potential buyers do not possess the savings on which to draw, or are not prepared to draw on savings even to the extent to which the additional initial deposit comes out of the savings, the situation is not nearly as simple as critics of the restriction would like us to believe. Their criticism is based on a confused between **"saving"** and **"savings."** The first means the process of putting aside part of our current income. The second means the accumulated amount which was put aside in the past.

Saving and Savings Effect Upon Inflation

The criticism of instalment credit restrictions is based on the assumption that from the point of view of the inflationary pressure a reduction of "savings" has the same effect as a reduction of "saving." Yet there is a quite considerable difference between the two. It is undoubtedly an unmitigated evil if during a period of inflation we save less of our current income. On the other hand the situation is different if we dissave some of our accumulated savings. While the process of saving is disinflationary, the existence of accumulated savings represents pent-up inflation. It was the large extent of such pent-up inflation which accumulated during the war that was primarily responsible for the inflationary trend during the immediate postwar years.

It is true, from the point of view of current consumer demand it makes no difference whether the demand originates from a reduction in current saving or from the spending of accumulated savings. Nevertheless there is a considerable difference, because dissaving means a reduction of the extent of pent-up inflation. To the extent to which instalment credit restrictions produce that effect, they contribute towards the achievement of the desired and, even if this contribution is not as effective immediately as would be curtailment of the immediate demand. In addition to preventing many people from engaging in instalment buying, the increase in the amount of initial deposits reduces the potential spending power of others.

It seems reasonable to assume that a large proportion of those who draw upon their accumulated savings to finance the increased initial deposit will endeavor to restore the amount of their savings to its former level. To the extent to which this is done their current purchases will have to be curtailed.

Instalment Credit and Book Credit

On the other hand, larger initial deposits mean smaller subsequent instalments, unless the period of repayment is also curtailed. This is in fact what is done in Britain. At a result of the curtailment of the repayment period, the larger initial deposit has to be followed up by more or less unchanged subsequent instalments. The reduction of the permitted period of repayment means that the transactions liquidated during a shorter period. Credit is a two-dimensional magnitude. Its size depends not only on the amount granted but also on the period for which it is granted. Even if the instalment credit restrictions should utterly fail to deter a single potential buyer from engaging in instalment credit transactions, the restriction on the period of repayment would therefore tend to produce a disinflationary effect.

Even to the extent to which instalment credits are replaced by book credits, the restrictions contribute towards the achievement of desired end. For generally speaking it is true to say that the periods for which open book credits are granted are shorter than those of the customary instalment credits.

Needless to say, the operation of the restrictions is far from perfect. There are other loopholes besides the one mentioned. Critics of the restrictions may quote many instances of evasion. It is reasonable to assume, however, that in many times more instances the dealers and the purchasing public comply with the letter and the spirit of the law. Most criticism of instalment credit restrictions is based consciously or otherwise on ideological dogmatism. Conservatives and Liberals are opposed to it because it does constitute an interference with the free play of economic forces. Socialists are opposed to it because it prevents lower income groups from acquiring consumer durable goods. In the circumstances it is something of a political miracle that opposition to the restrictions is not more active and effective.

Los Angeles Exchange Reappoints Young

LOS ANGELES, Calif. — Lloyd C. Young, general partner of Lester, Ryons & Co., has been reappointed chairman of the Los Angeles Stock Exchange Public Relations Committee, it was announced by Exchange Governing Board Chairman Frank E. Naley.

Mr. Young, who entered the securities industry in 1927, is the regional governor of the Association of Stock Exchange Firms. He is also a member of the board of governors of the Los Angeles Stock Exchange.

Also named to the committee were Leo B. Babich, President, Hill Richards & Co.; J. Earle Jardine, Jr., partner, Wm. R. Staats & Co.; Chester L. Noble, partner, Noble, Tulk & Co.; Lewis J. Whitney, Jr., partner, Dempsey, Tegeler & Co.; and Phelps Witter, partner, Dean Witter & Co.

W. E. Leonard Opens

(Special to THE FINANCIAL CHRONICLE)

SAN BERNARDINO, Calif. — William E. Leonard is engaging in a securities business from offices at 434 West Court.

Manufacturing Chemists' Assn. Annual Election of Officers Held

John L. Gillis succeeds John R. Hoover as Chairman of the Board. General John E. Hull is re-elected President and Kenneth C. Towe becomes Chairman of the Executive Committee. Other positions filled.

John L. Gillis, Vice-President, Monsanto Chemical Company (St. Louis, Mo.), was elected Chairman of the the Board of the Manufacturing Chemists' Association,

John L. Gillis

General J. E. Hull

Inc., at the 84th annual meeting of the association, June 7, at White Sulphur Springs, W. Va.

Mr. Gillis succeeds John R. Hoover, President, B. F. Goodrich Chemical Company.

General John E. Hull, USA (ret.) (Washington, D. C.), full-time President and a director of the association, was re-elected.

Kenneth C. Towe, President, American Cyanamid Company, was elected Chairman of the Executive Committee.

Leland I. Doan, President, The Dow Chemical Company, and R. C. McCurdy, President, Shell Chemical Corporation, were elected Vice-Presidents of the association.

M. F. Crass, Jr., full-time Secretary-Treasurer, was re-elected.

The MCA represents over 90% of the productive capacity of the chemical industry.

The New Chairman

John L. Gillis is Vice-President for Marketing and a Director of Monsanto Chemical Company and Chairman of the board, Manufacturing Chemists' Association.

He was graduated in 1933 from Washington University, St. Louis, with a B. S. degree in business and public administration. He joined Monsanto in 1933 at St. Louis as assistant export manager and subsequently served as Export Manager and later as Director of the Foreign Department.

Mr. Gillis was named General Manager of the company's former Merrimac Division at Everett, Mass., in November, 1949; became a Vice-President in May, 1950, and became General Manager of the Organic Chemicals Division in March, 1951. He was placed in charge of all Monsanto marketing functions in November, 1953, and elected to the board of directors in April, 1955.

In May, 1954, Gillis was named to the Board of Directors of Mobay Chemical Company, a joint subsidiary of Monsanto and Farbenfabriken Bayer of Germany.

He spent seven months overseas in 1944 on a joint economic mission to North Africa, the Middle East and Italy for the Department of State, Department of Commerce and the F. E. A.

Gillis is also a Director of the Manufacturing Chemists' Association, a member of the American Chemical Society, and a member of the Board of Directors and Executive Committee of the St. Louis Chamber of Commerce. He is Vice-Chairman of Government Research Bureau of Missouri, a Trustee of the St. Louis Priory School, and a member of the President's Council of St. Louis University.

In June, 1938, Gillis married the former Miss Carol Randolph of Clayton, Missouri. They have four children: John, Carol, Ann Carter and Mary Barrett.

Form Medical Management

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Medical Management Control has been formed with offices at 2107 Van Ness Avenue to engage in a securities business. Officers are Richard V. Bibbero, President; Herbert H. Salinger, Vice-President; and H. P. Bibbero, Treasurer.

Garvin, Bantel & Co. To Admit Four Partners

Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on July 1 will admit Bertram M. Ostrau, Arnold R. Runestad, Allan J. Stypeck, and Junius W. Peake to partnership.

Railroad Securities

By GERALD D. McKEEVER

Chicago, Rock Island & Pacific

Because of the essentially cyclical nature of the railroad industry and of its earning power, railroad equities appeal largely to those who are attracted by a rising trend of earnings as the basis of capital appreciation. Thus very frequently the element of exceptionally high yield from a well-protected dividend is not enough in itself to attract widespread buying interest. We have had notable evidence of this for a number of years prior to 1955 in the case of the stocks of the "Pocahontas" roads—C & O, Norfolk & Western and Virginian—which produced exorbitant yields in spite of their time-tested quality as investments. Only with a sharp upturn in earnings have these stocks found a market at substantially higher price levels, not only actually but relatively, or at lower yield basis, even with the dividend increases that have been established. In short it has required the evidence of a dynamic earnings trend to spark the advance. The former combination of unusually high rate of return and high investment quality was not enough by itself.

We are witnessing a similar set of conditions today in the case of Rock Island stock which produces better than a 7% rate of return at the current market with a 100% margin of safety, based both on 1955 earnings of $5.54 per share and on the $5.42 average per share for the eight preceding years. The dividend rate on Rock Island was set at $2.70 at the time of the 2-for-1 split effective last Jan. 20.

The basic strength of the Rock Island situation may be summed up under three heads. First is its strong and relatively light capitalization that stemmed from one of the most drastic reorganizations among major roads. Secondly is its excellent physical condition as the result of the almost complete rebuilding of the road and the replacement of its rolling stock during and after the long period of trusteeship. Finally has been the evolvement of a management that has distinguished itself, not only by its having converted the Rock Island into a highly efficient operation but which, although relatively young, has nevertheless planned ahead so that it is fortified by a "second team" of successors which, it is believed, is ready to "play in the big games" at any time.

The 7,920-mile Rock Island system is well situated for future growth, but due to the granger character of its territory and the special circumstances with which the road has had to contend as a result, its traffic and revenues have tended to lag. Drought and reduced crops on one hand and unsatisfactory prices on the other which induced storage rather than shipment to market, both resulting also in reduced farm purchasing power, have conspired in recent years to offset the positive results of aggressive traffic solicitation. The result has been that the traffic and revenue trend of the Rock Island has lagged not only behind that of the Class I total but behind the average for the Central Western District as well.

This may seem surprising in view of the road's ability to locate new industries on its lines. In 1955 the Rock Island was successful in locating 310 new permanent plants at various points along the lines of the system and also added 73 temporary plants while 103 existing plants were expanded. All told these sources represent a $138 million investment and some $6 million additional revenue. These locations are spotted quite widely throughout the system, but the most rapid growth is understood to be on the Southern lines generally, but particularly in Arkansas where the paper and aluminum industries are expanding prodigiously. In the North, however, it is noted that the initial development of the Chicago Port Authority in the Lake Calumet area is served exclusively by the Rock Island and that one of the major milling companies is erecting a large plant at Des Moines. It is also understood that there is considerable expansion in progress or projected in the Peoria area and it is noted at this point that the Rock Island is one of the several roads which have applied to the ICC for permisison to acquire the Toledo, Peoria & Western.

The campaign of the Rock Island for increase and diversification of traffic is greatly helped by the superior freight service that it has developed as a result of the three-fold program of the road's management that has been pursued since 1935. This has been to get road and structures into such shape as to handle heavy trains at high speed, to modernize motive power so as to utilize the road to the utmost and to knit together an organization to operate the entire plant efficiently and as intensively as possible. The road and structures program has resulted in relaying all important line with heavy rail and ballast, the elimination or the smoothing of curves and the reduction of grades, the replacement of bridges and the modernization of yards. The latter is most essential to over-all train speed and it is reported that yard time has been cut in certain cases from three or four hours to a matter of minutes. Some of the Rock Island freight trains are so fast that they carry mail. Modernization of motive power was begun in 1937 and the Rock Island was one of the first roads to start to dieselize. Dieselization was completed in 1953, but the road now faces the necessity of replacing or rebuilding some of its older diesel units.

The Rock Island is an efficient operation overall, but this is due to its excellent freight train operations. Passenger business registered a deficit of over $16 million in 1955 according to the ICC formula, or more than the corresponding 1948 deficit. The imbalance represented by the road's passenger business is well evidenced by the fact that passenger train miles represented over 45% of total train miles in 1955 although this business produced only a little over 9% of total revenues. To alleviate this situation the road aims to reduce passenger train mileage 5% annually for some time ahead and to the extent it is permitted to do so.

In the meantime, losses may be minimized by new equipment such as the Jet Rocket which went into operation last Feb. 20 between Chicago and Peoria. This new "Talgo" type train made the 160-mile run 2½ hours faster than the "Peoria Rocket" which it supplanted, and at a saving of over a third in fuel cost. The 5% increase in coach fares of last May 1 and the 15% increase in commuter rates granted last March 29 by the Illinois Commerce Commission will help to offset this year's higher expenses, but it was stated that the commuter fare increase will not cover the deficit on this service which was placed at $1.5 million.

Revenues have shown a better trend so far this year and it is expected that 1956 net may show some increase over last year's figure, although the five months' result is understood to amount to a few cents per share less than the corresponding figure for the 1955 period. Favorable factors this year are said to include a good outlook for wheat shipment together with an adequate car supply as against a 5,000-car shortage at last year's harvest time. A handicap to earnings, on the other hand, is that wage increases granted are estimated to amount to $7½ million for 1956 whereas the freight rate increases are placed at only $6 million for this year, or possibly less if applied selectively in order to induce traffic.

Thus there is no indication of any notable departure from the rather level earnings pattern of the Rock Island that has been seen now for some time and the $12 million additions and betterments program for this year is another factor that would seem to stand in the way of any increase in the dividend pay-out rate. Thus for some time ahead the market price of Rock Island stock will have to continue to depend on the appeal of a generous rate of return from the present dividend. Except for some special development such as a decision in favor of the Central and North Western roads in the pending transcontinental rate case, gains are apt to be gradual at best.

Carroll J. Thum Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Carroll J. Thum is conducting a securities business from offices at 618 South Spring Street.

Form Sterne-Tolson Assoc.

FT. WORTH, Texas. — Sterne-Tolson & Associates has been formed with offices at 554 South Summit to engage in a securities business. Partners are Alfred L. Sterne and Wilbur J. Tolson. Both were formerly with Continental Trust & Security Corp.

Four With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Bernard Atkins, Thomas A. Cahill, Raymond G. Chesley and True Tower have been added to the staff of B. C. Morton & Co., 131 State St.

Calif. IBA Group To Hold Conference

LOS ANGELES, Calif. — The fifth annual conference of the California Group of the Investment Bankers Association of America will be held in Santa Barbara, Calif., June 24-26, according to Warren H. Crowell, Chairman of the California Group and partner, Crowell, Weeden & Co., Los Angeles.

Warren H. Crowell   George W. Davis

Conference meetings, municipal forums and talks by prominent national figures in the financial field are planned for the convention. According to Crowell, principal speakers include Dr. Myles Mace, Vice-President of Litton Industries; Arthur H. Motley, President of Parade Corporation and Frank Pace, executive Vice-President, General Dynamics Corporation.

Conference meetings will be in the forenoon, Monday and Tuesday, June 25 and 26, with a special Municipal forum scheduled for Monday afternoon. The conference will coincide with the official visit of the national President of the I. B. A., George W. Davis, partner of David, Skaggs & Co., San Francisco. Accompanying Mr. Davis will be I. B. A.'s Managing Director and General Counsel, Murray Hansen, and Robert Stevenson, 3rd, Secretary and Treasurer of the National Association.

The California group has a membership of 103 banking and investment firms. Dennis H. McCarthy, Vice-President, The First Boston Corporation, San Francisco is Vice-Chairman of the California Group and Alger J. Jacobs, Vice-President, Crocker-Anglo National Bank, San Francisco is Secretary Treasurer.

To Form Elkins, Morris, Stokes & Co.

PHILADELPHIA, Pa. — Announcement of the merger of two prominent Philadelphia firms, members of the New York Stock Exchange, is being made with the forthcoming combination of Elkins, Morris & Co. and Stokes & Co.

The new firm will be known as Elkins, Morris, Stokes & Co. effective July 1, and will have offices at 305 Land Title Bldg., Philadelphia. Branches will be maintained at Bethlehem, Pa. and Huntingdon, Pa.

Partners will be Caspar W. Morris, Charles H. Howell, J. Reece Lewis, George W. Elkins, Jr., Edmund G. S. Flannigan, Edward B. Stokes, S. Grey Dayton, Jr., John M. G. Brown and John E. Heppe.

Founded in 1906, Elkins, Morris & Co. is one of the oldest Stock Exchange firms in Philadelphia. Stokes & Co., is successor to Edw. Lowber Stokes & Co., established in 1905.

The new firm will maintain memberships on the New York Stock Exchange, the Philadelphia-Baltimore Stock Exchange and an associate membership on the American Stock Exchange and will continue active underwriting in corporate and municipal securities.

Form Western Resources

DENVER, Colo. — Western Resources Corp. has been formed with offices in the C. A. Johnson Building to conduct a securities business. Officers are Verne H. Ballantyne, President; Franz J. Kretschmer, Vice-President; and M. A. Miller, Secretary-Treasurer.

Four With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — David P. Kane, Jone L. Suttle, Jr., Nunzio Tringali, and Richard J. Ulrich have become affiliated with Columbia Securities Co. Inc. of California, 225 South Beverly Drive.

Continued from page 5

Problems of Commercial Banks In New York and Rest of Nation

of interest, through service, or otherwise. To me, this great competition will, in all probability, become keener in the future.

Here again, in studying the formation of regional banks, one has again to take one's hat off to the supervising authorities, national and state. Their actions and decisions were guided primarily by the welfare of the community, by the welfare of the district. If it was good for the people of a district served by the regional bank, the regional bank was permitted to grow. Where the authorities felt that this was not desirable or to the best interests of the public at large, it was not done. The interest of the people of the communities and of the state were fully protected.

Savings Competition Threatens Commercial Banks' Existence

Probably the greatest problem that confronts the commercial banks of the state, and one may say the commercial banks of the nation as a whole, is the competition for savings from other institutions, a subject previously discussed by others. Here again I will not bore you with many figures. The report is full of them. In bringing out certain points, I will merely indicate to you a few facts to prove to you how great the problem is.

At the end of 1955, the total volume of deposits in New York State was as follows: $23 billion, demand deposits; $5 billion, savings deposits—18% of all the deposits were savings deposits. However, if you eliminate the New York City banks, you will find that nearly 53% of the deposits of the commercial banks of the State of New York were savings deposits. The future welfare and the existence of many an individual commercial bank will depend on whether it will be able to grow in its savings deposits.

Here again, looking at this competition, I believe one ought to look at it, first and foremost, from the point of view of the welfare of the people, not whether it is good for the bank or the savings and loan association, or the savings bank, but whether it is good for the people of the state and of the nation.

Commercial Banks Are Indispensable

On looking into this problem very carefully, I have reached this conclusion in my own mind: I can very well visualize a flourishing community without a savings bank, without a savings and loan association, but I cannot visualize one flourishing community without a commercial bank. The commercial bank constitutes the cells through which the lifeblood of the community flows. The great majority of the commercial banks in the State of New York depend on their time deposits, on their savings deposits, and unless something is done, the commercial banks will lose out, and this, to my way of thinking, is the greatest problem confronting the commercial banks of the State of New York.

Let me give you just a very few figures.

The savings deposits of the commercial banks in the state increased between 1940 and 1955 by 156%; the mutual savings banks, by 191%; the savings and loan associations, by 565%; and the credit unions, by 519%. Whereas the average increase amounted to 200% during the period, the commercial banks increased only by 156%.

And I dare say the situation will become worse in the future and not better, for these reasons: The savings of the nation are undergoing a great change. The savings, today, are to a very large extent investment funds. The other day — to be exact, last Wednesday afternoon — I had the opportunity to look over the pension and welfare fund of a New York union, and I found that they had cash of $600,000, the cash consisting of $100,000 of deposits in a New York City bank, and $500,000 in amounts of $10,000, scattered in savings and loan associations all over the country, as far as Monterey, California.

Faith Placed in "Insurance" and "Interest"

Now, nobody can tell me that this is a saving—this is an investment, and the rate of interest paid plays a very important role.

Where an individual institution, such as a labor pension and welfare fund, or a corporation, can obtain 3½% on what is considered by them as tantamount to a demand deposit, and particularly where the buyer of the shares buys in lots of $10,000 each, and he relies on a big word—insurance—then you can realize that the quality of the bank, the management of the bank, its past reputation, is of no importance. What counts most is the rate of interest paid, as well as the word "insurance."

In that study of ours, we have made a great many recommendations as to how this situation can be handled. I believe that the most important recommendation that one can make is that of putting all other financial institutions, catering to what the people consider as deposits, on the same basis as the commercial banks.

Solution Recommended

The commercial banks have to maintain a reserve of cash against their savings deposits of 5%. They must maintain other liquid assets, and they must maintain a certain ratio of capital against risk assets. Otherwise, the supervising authorities are on their necks. And you and I know there are institutions which actually have no capital, if you deduct the money borrowed by them from the Federal Home Loan Banks, and yet the people place huge sums at their disposal, primarily because of the big word, "insured."

If the commercial banks are to survive, if the commercial banks are to be able to attract the savings of the people, which, as I indicated before—leaving out New York City—is 53% of their raw material, something in this respect will have to be done.

The situation is more important than you realize, because the savings of the nation are undergoing a change. The savings are becoming more contractual in character, more negative in character. The direct savings in the form of deposits with commercial banks, mutual savings banks, or the purchase of shares of savings and loan associations will not grow in the future at the same rate as they did in the past. Today, the people save through the purchase of life insurance. Today, the people save through the pension systems. Today, people save through contribution to union funds, and today the people are able to build up considerable equity in their homes by the constant amortization on the mortgages on their homes.

Just again a couple of figures.

During the period from the end of 1950 to the end of 1955, life insurance and pension reserves rose from $68 billion to $102 billion. That is a form of savings from which the financial institutions do not benefit. Government and pension reserves rose from $40 billion to $57 billion.

Growing Volume of Non-Bank Contractual Saving

It is, therefore quite evident that in the future, as the economic security of the people increases, as more and more individuals are encompassed by private pension funds, as more and more people are covered by social security and unemployment, as more and more people become home owners—and already 55% of the people in the United States are home owners and are accumulating equity in their own homes—the percentage of growth of direct savings will not keep pace with the others, and the competition for these savings will increase, and unless something is done to correct the situation, the commercial banks will be the sufferers and the others will gain as in the immediate past.

What is the answer to all this? I believe the answer to all this is a new look at the banking laws of the State of New York.

Banking Law Revision Overdue

Forty-two years have passed since the statutes were thoroughly revised. During these last 40 years, a veritable social revolution occurred in the economy of the United States, and still the banks, state-wise and nation-wise, are operating under legislation which was excellent for the days when the laws were passed, but may not be appropriate for today.

Let me reiterate, again, the problems confronting the banks are great. Whether you like it or not, the merger movement will continue, pushed by strong, underlying economic and social forces, and it is, therefore, absolutely essential that you study the problem and not close your eyes to it and say, "I'm 'agin,' it," or "I'm for it." You ought to know the facts, pro and con.

Whether you like it or not, the study has found that a holding company, as it operates in this state, a well managed holding company, is by far superior to statewide branch banking, and this, too, is bound to be realized by some, and they will act on it. And, whether you like it or not, the completion from the mutual savings banks, and, notably, the savings and loan associations and the credit unions, will be keener. And while, as commercial banks, you know that you have handled your affairs very well, that you have a great deal of liquidity and a strong capital ratio, always bear in mind that a chain is as strong as its weakest link and, as bankers, you are the keeper of your brother, if you want to keep the financial structure of the country sound.

What conclusions can one reach?

(1) The changes in the field of banking that have taken place in the state as well as in the nation reflect the great economic growth in the economy of the state and the country. Since our economy is a dynamic one, since the standard of living of the people will rise, since the cost of doing business will increase, these changes will continue, and, with the aid of research, in all probability the speed will be accelerated.

Promising Banking Outlook

(2) In spite of what I have said before, the outlook for banking, as far as earnings are concerned, the outlook for the banking business is more promising than it has been during the last four decades.

The volume of loans will increase, because the cost of doing business is higher. Commodity prices are rising, taxes are burdensome, and the acceleration of the corporate income tax payment will force many a corporation to borrow from the banks.

Whereas a few years ago many thought that the day of the wholesale banker was gone and a thing of the past, the outlook of today is really good for the wholesale banker, as well as for the retail banker.

(3) The abnormally low rates of interest which prevailed during the '30's, when there was no demand for capital, when the influx of gold from abroad created huge excess reserve balances, are a thing of the past.

In my humble opinion—and I say it is my deliberate judgment—depressions of the type that occurred during the '30's, fortunately for all of us, are definitely a thing of the past. The low rates which prevailed during the war, when the government fixed the rate, are a thing of the past.

Pegged, Low Rates Are Out

The low rates of interest which prevailed so long as government securities were pegged and the long-term 2½% of the government exercised an impact on the entire rate structure, are a thing of the past.

From now on, irrespective of political developments that may take place in the country, the credit policies will be flexible in character. Money rates will fluctuate, depending on business activity.

But if you bear in mind that the outlook for loans is good, that a low in money rates is a thing of the past, the obviously you must reach the conclusion that the outlook for the banks is good.

What we need in the United States has already been pointed out on numerous occasions. We need a thorough revision of the banking laws, not only of the State of New York, but also of the nation. A revision of the banking laws of the State of New York, if it is done alone, without the cooperation of similar legislation by the Federal Congress, would not solve your problem at all because some of your competitors, if they do not like the state laws, change overnight and become Federal institutions, and they are outside of the reach of the state legislation and state supervision.

We need a thorough revision of all the banking legislation—state and Federal—in order to coordinate the banking facilities of the country, to adjust and adapt them to the great dynamic changes that have taken place in the United States.

Forceful, Factual Advertising

And, finally, I would like to repeat just once more what I have said: The competition for the raw material of the banks will increase, and I believe that the people at large ought to know that a commercial bank is more than a savings institution, that no prosperous community could exist without a commercial bank. It may be that it can be brought home forcefully in your advertising, that instead of laying stress entirely on the rate, you pay particular attention to the services that the bank renders to the community, and what that particular bank has done for the community, and let's see what happens, because, you know, it takes a long time to change laws.

Our economy is a dynamic one. Within a few years, around 1960—which for a man of my age is just around the corner — it has been said that the population of the United States will be over 180 million people. The standard of living of the people is rising at a rate which indeed is amazing. We have become a nation of middle class people, which has greatly changed the buying and spending habits of the people. The spending habits of the middle class are dominated by the fact that the middle class implicitly believes in the doctrine of living up to the Joneses and, as George Bernard Shaw once said, the middle class is the greatest spending machine that the good Lord has invented.

The outlook for this country is bright, indeed. The banks are the cells through which the lifeblood of the nation's credit flows. It is, therefore, imperative that we call attention to the legislators, statewide and nationwide, to pass legislation which will enable these cells to furnish this growing and dynamic economy with all the credit, all the lifeblood that it needs.

Smith, Barney Group Offers Ranco Shares

A secondary offering of 216,950 shares of common stock of Ranco Inc. (Columbus, Ohio) was made yesterday (June 20) by a group of 88 underwriters headed by Smith, Barney & Co. The stock is priced at $18.25 a share. The shares being offered, representing 21.7% of a total of 1,000,000 common shares outstanding, are being sold by American Motors Corporation and comprise all of its holdings of Ranco stock. Ranco has applied for New York Stock Exchange listing of the 1,000,000 shares.

Ranco, which was formed in 1913 by E. C. Raney, its present Board Chairman, is a leading manufacturer of automatic temperature controls for automotive heaters and of automatic temperature and pressure controls for the refrigeration and air-conditioning industries. It is the largest supplier of such controls for refrigerators, home freezers and air conditioners and produces a major portion of the heater control requirements of the automotive industry. The company operates five plants in Ohio, and through a wholly-owned subsidiary Ranco Limited, a plant near Glasgow, Scotland.

Pacific Gas & Elec. Offer Underwritten By Blyth Group

The Pacific Gas & Electric Co. is offering its common stockholders on record June 12, 1956 the right to subscribe to 312,791 additional shares of the company's common stock at $45 per share in the ratio of one new share for each 20 shares held. The subscription period ends on July 2, 1956.

Blyth & Co., Inc. is heading a nation-wide group of 99 underwriters which has agreed to purchase any unsubscribed shares from the company. Proceeds from the sale of the new stock will be used by the company to finance in part its continuing construction program.

The 12 months ended March 31, 1956, earnings on the common stock were $3.39 per share. The company had paid dividends on its common stock every year since 1918. The current quarterly rate is 60 cents per share. The new shares will not participate in the dividend to record holders June 12, 1956 payable, July 12, 1956.

Joins J. Logan Co.

(Special to The Financial Chronicle)

PASADENA, Calif. — Rock F. Houle is now with J. Logan & Co., 721 East Union Street. Mr. Houle was formerly with E. H. Hansen & Co. and Dempsey-Tegeler & Co.

With Powell, Johnson

(Special to The Financial Chronicle)

PASADENA, Calif. — Maurice M. Mummert is now with Powell, Johnson & Powell, Inc., Security Building.

First Calif. Adds

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — Frederic L. Whitmore has been added to the staff of First California Company, Incorporated, 625 Broadway.

Joins Conrad, Bruce

SAN FRANCISCO, Cal.—Richard W. Hill is now with Conrad, Bruce & Co., 235 Montgomery St.

Morgan Stanley Group Offers Commonwealth Of Australia Bonds

An underwriting group headed by Morgan Stanley & Co. and composed of 68 investment firms offered for public sale yesterday (June 20) an issue of $25,000,000 Commonwealth of Australia 15-year 4½% bonds. The bonds, due June 15, 1971, are priced at 98½ and accrued interest to yield 4.64% to maturity. Principal of and interest on the new bonds, which are direct obligations of the Commonwealth, will be payable in United States money.

The last financing by the Commonwealth in the United States market was an offering of $25,000,000 15-year 3¾% bonds in December of 1954.

The proceeds of the sale will be applied in part to the payment of $18,028,000 Commonwealth of Australia ten year 3¼% bonds due Aug. 1, 1956. The Commonwealth will accept tenders of the maturing 3¼% bonds in payment for the new bonds at 101⅝, the premium representing accrued interest to Aug. 1. The balance of proceeds will be applied toward capital works and expenditure included in the 1955-1956 loan program approved by the Australian Loan Council for the Commonwealth and State governments.

As a sinking fund for the bonds the Commonwealth will make semi-annual payments of $485,000 beginning on June 15, 1958 and continuing to Dec. 15, 1970. Such payments are calculated to retire at least 50% of the issue by maturity. The bonds are redeemable at the option of the Commonwealth to and including June 15, 1959 at 103½% and thereafter at prices decreasing to the principal amount after June 15, 1968. The sinking fund redemption price is 100%.

At Dec. 31, 1955 the total direct indebtedness of the Commonwealth and the States amounted to the equivalent of 4,077,725,000 Australian pounds (the equivalent of $9,134,104,000 U. S.) involving an annual interest liability of 130,101,000 pounds (the equivalent of $291,426,240 U. S.). The Commonwealth budget for 1955-1956 introduced in Parliament in August, 1955 provided for a small surplus in the current financial year after meeting from revenues all defense expenditures, all of the Commonwealth's own capital works expenditures and an appropriation of 48.5 million pounds to the Loan Consolidation and Investment Reserve. In March, 1956 supplementary economic measures were introduced which increased sales taxes, customs and excise duties and company taxes. It is estimated that these increased taxation measures will provide additional revenue of between 100 million and 120 million pounds in a full year.

While the principal single element in Australia's economy continues to be wool production, in recent years the value of industrial production has exceeded that of rural and mining output. In 1955 production of steel ingots reached a record of 2.5 million tons and the production of automobiles, which began in 1948, was the equivalent of more than 110,000 units. Capacity of the automotive plants is being increased. In the last two years four major oil companies, including the U. S. companies Standard-Vacuum and Caltex, placed in operation four oil refineries with combined total capacity of about 150,000 barrels per day. Since the end of World War II, over 1,000,000 migrants have moved to Australia and the population at Dec. 31, 1955 reached 9,313,300. This represents an increase of 23% since June 30, 1947.

Roadway Express Stk. Offer Oversubscribed

Public offering was made on June 15 by an investment banking group headed by Glore, Forgan & Co. and Fulton, Reid & Co. of a new issue of 567,500 shares of class A common stock (par 25 cents) of Roadway Express, Inc., at $10 per share. This offering was oversubscribed.

The class A common stock is convertible into common stock on a share for share basis.

Net proceeds to be received by Roadway Express, Inc. from the financing will be used to purchase all of the 582,500 shares of common stock of the company owned by Carroll J. Roush and members of his family which constitute 50% of the total number of shares presently outstanding. These shares will be retired. Upon completion of the financing, Carroll J. Roush will retire from Roadway, and thereafter the company will be headed by Galen J. Roush as President and R. W. Corns as Executive Vice-President.

Roadway Express, Inc. is one of the four largest motor common carriers in the United States. It provides freight transportation over more than 27,000 miles of authorized routes in 24 states and the District of Columbia, and has rights to pass through Arkansas and West Virginia. The business was started in 1930 and was reincorporated under the laws of Delaware in 1954. The company's executive offices are located in Arkon, Ohio.

For 1955, Roadway Express, Inc. reported operating revenue of $39,744,053 and net income of $1,064,081. Annual dividend requirement on the 567,500 class A shares being offered is $397,250.

Jacob Paley Opens

Jacob Paley is engaging in a securities business from offices at 39 Broadway, New York City.

Three Join J. D. Creger

(Special to The Financial Chronicle)

WHITTIER, Calif.—John J. Cox, Richard E. Cox, and Dan Lahey have joined the staff of J. D. Creger & Co., 124 North Bright Avenue.

With Shelley, Roberts

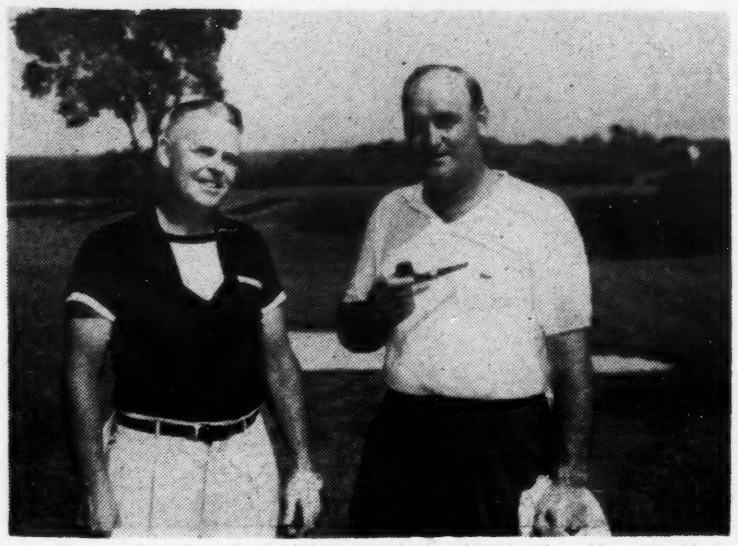
(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — Noeth B. Gillette, Ray C. Moore and Patrick A. Traynor have been added to the staff of Shelley, Roberts & Co., 9486 Santa Monica Boulevard.

E. J. Duffy Co. Admits Leikauf to Partnership

Edward J. Duffy & Co., 111 Broadway, New York City, members of the New York Stock Exchange, on July 2 will admit Herbert A. Leikauf to partnership. Mr. Leikauf is in charge of the firm's trading department.

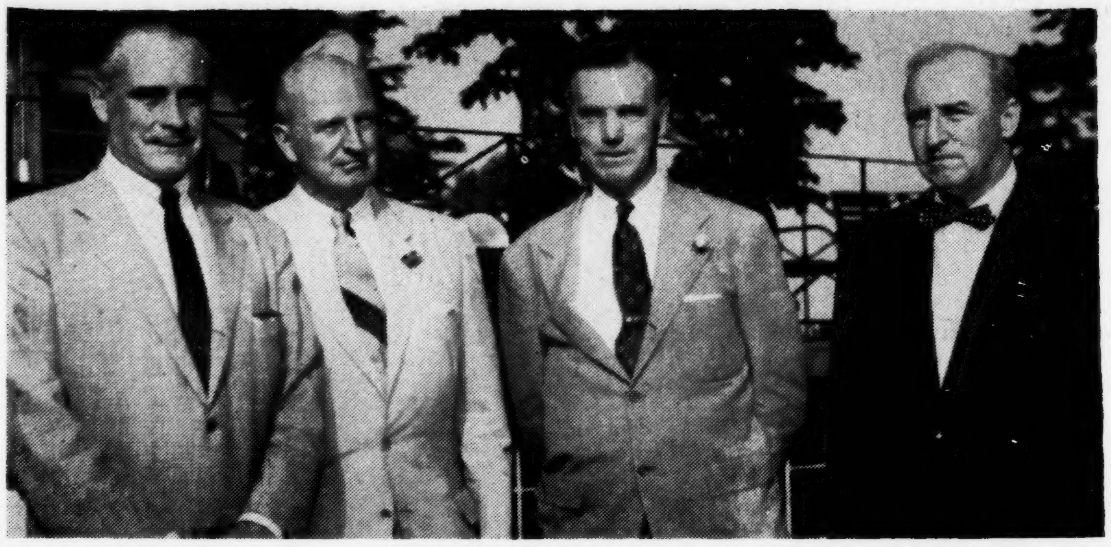
Bond Club of New Jersey



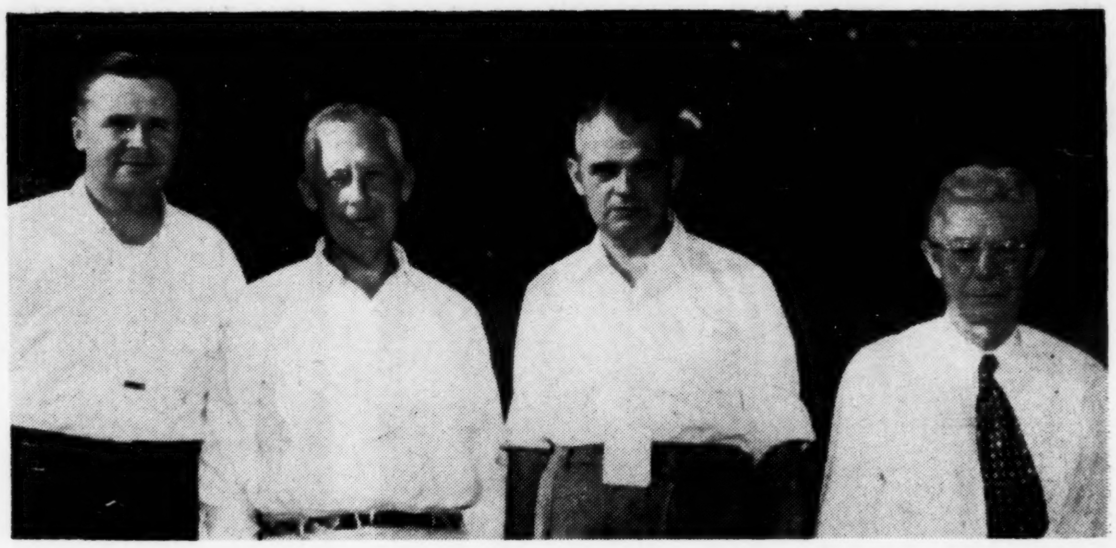
Jerome C. L. Tripp, *Tripp & Co., Inc.*, New York; Roald A. Morton, *Blue List Publishing Co.*, New York

James F. Musson, *B. J. Van Ingen & Co., Inc.*, New York, Chairman of outing, Al Lange, Accordionist

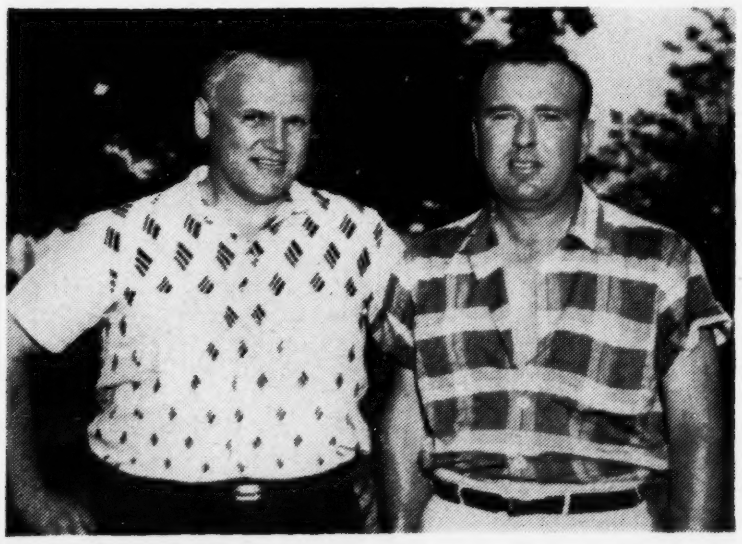
Edwin L. Beck, *Commercial & Financial Chronicle*, New York; Bill Roos, *W. A. Gardner & Co.*, Newark



Frank R. Cole, *F. R. Cole & Co.*, Newark, N. J.; John Agnew, *Eastman, Dillon & Co.*, Paterson, N. J.; Larry W. Souville, *Spencer Trask & Co.*, New York; Kenneth W. Cronyn, *K. W. Cronyn & Co.*, Ridgewood, N. J.

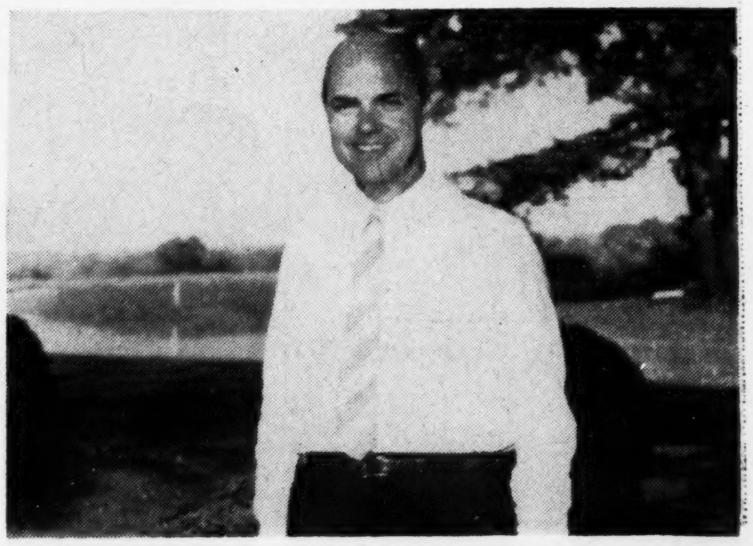


Jack Byram, *Northern Trust Company*, New York; S. M. Weissenborn, *Parker & Weissenborn*, Newark, N. J.; Donald Mackenzie, *Marine Midland Trust Company*, New York; W. P. Wilson, *W. C. Langley & Co.*, New York

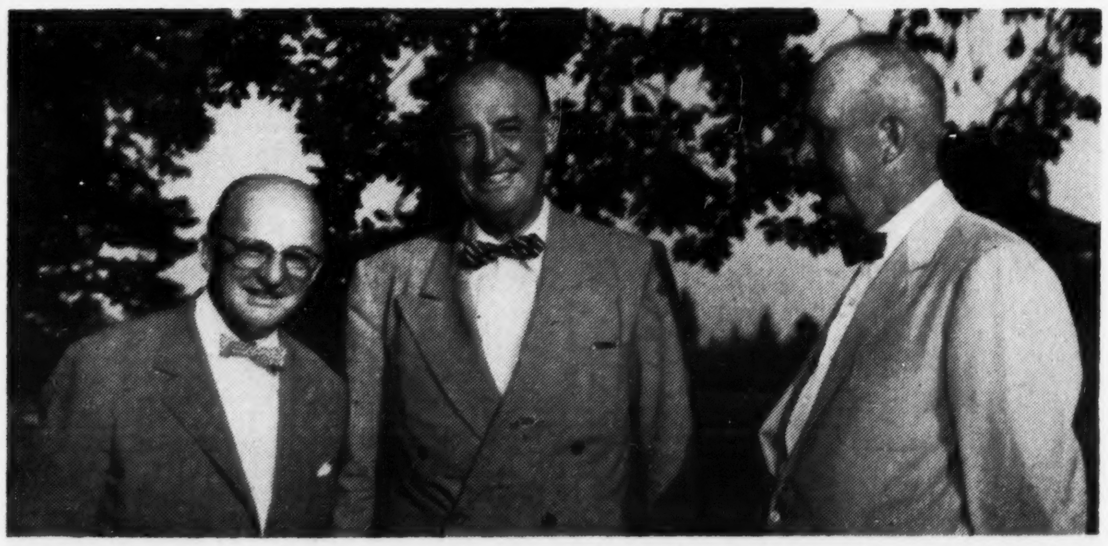


Walter H. Stohl, *Fidelity Union Trust Company*, Newark; Ned Byrne, *Byrne & Phelps*, New York City

Harry D. Miller, *Nugent & Igoe*, East Orange, N. J.



Glenn D. Thompson, *Drexel & Co.*, New York City, President of Bond Club of New Jersey

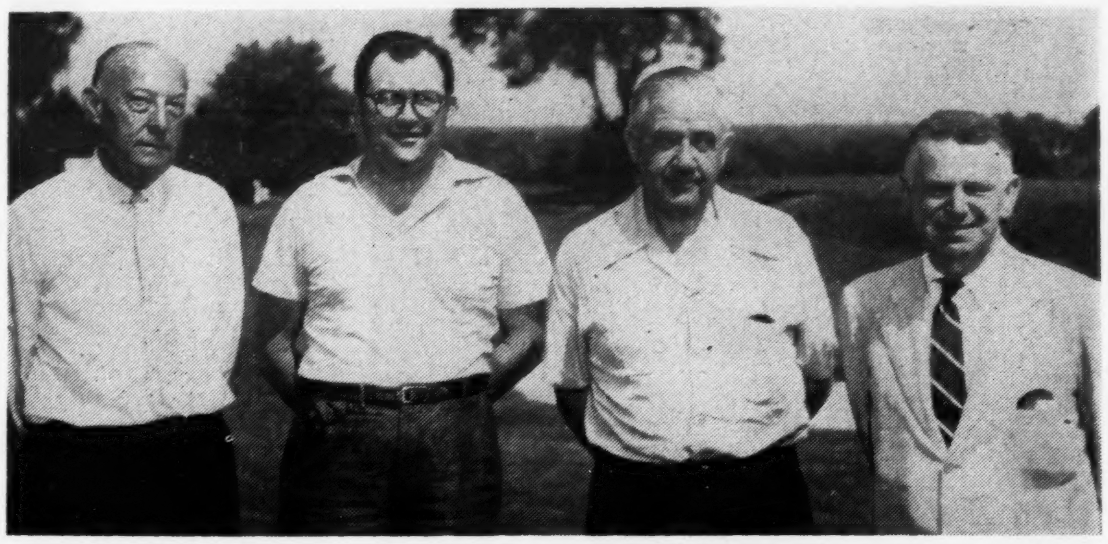


Charles B. Schubert, *Emanuel, Deetjen & Co.*, New York City; R. H. Deetjen, *Emanuel, Deetjen & Co.*, New York City; Tom Benton, *Benton & Co.*, New York City

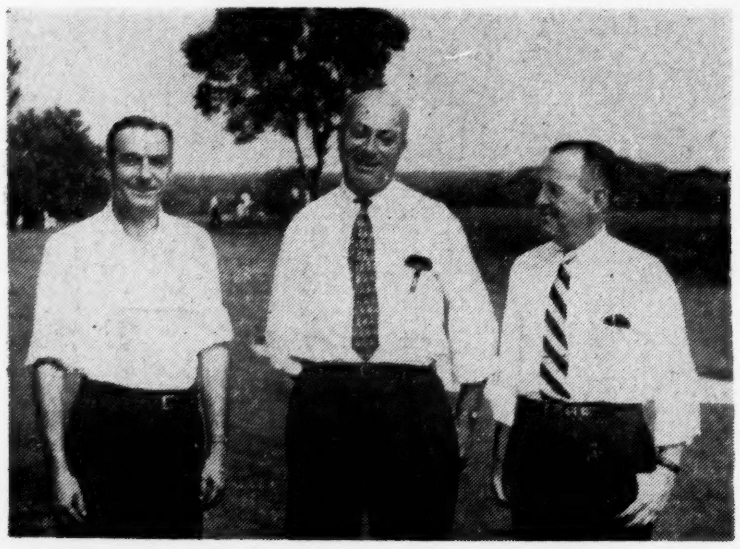
Austin H. Patterson, *First Boston Corporation*, New York; Lee Carroll, *Lee W. Carroll & Co.*, Newark, N. J.; Charles S. Morley, New York City

Annual Spring Field Day

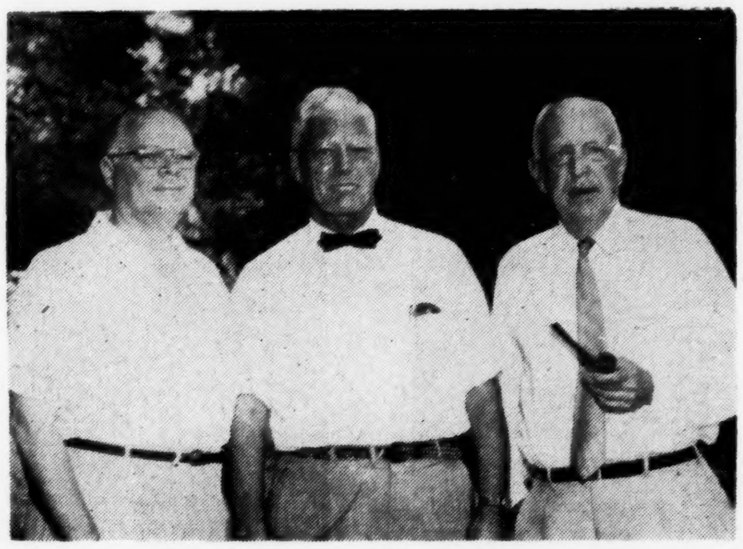
Carl A. Preim, *R. W. Pressprich & Co.*, New York; R. F. Vanderhoff, *Fidelity Union Trust Company*, Newark, N. J.; M. V. Poole, *Geo. B. Gibbons & Co.*, New York; Herbert Hoehn, *Gregory & Sons*, New York



T. A. Von Glahn, *Salomon Bros. & Hutzler*, New York; Frank Cullum, *W. C. Langley & Co.*, New York; H. J. Kennedy, *E. F. Hutton & Co.*, New York; W. M. Farrar, *Coffin & Burr, Incorporated*, New York

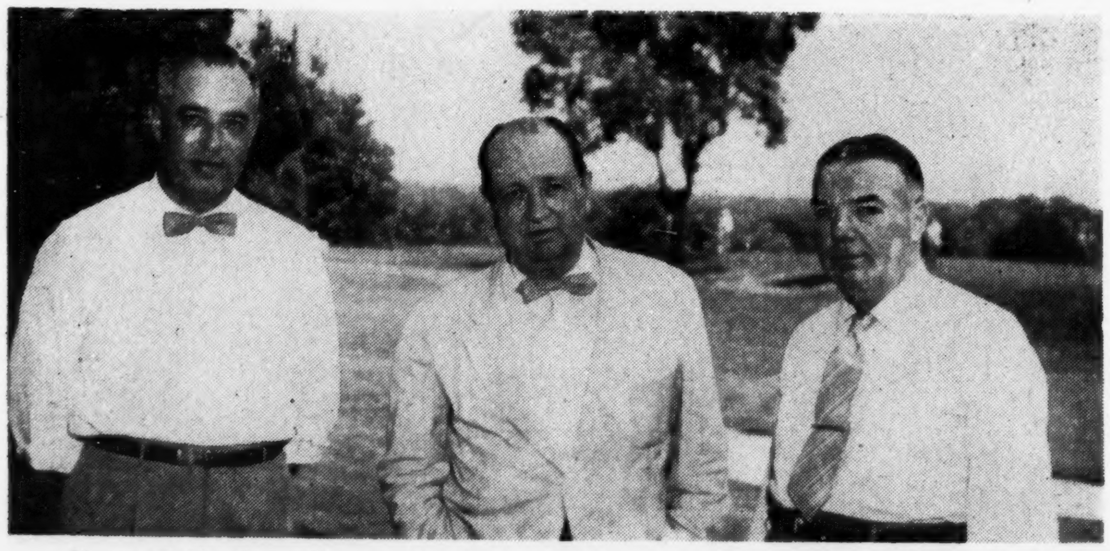


Dick Whitcomb, *Phelps, Fenn & Co.*, New York; Walter D. Fixter, *J. W. Sparks & Co.*, Philadelphia; Harry W. Faath, *Tripp & Co., Inc.*, New York



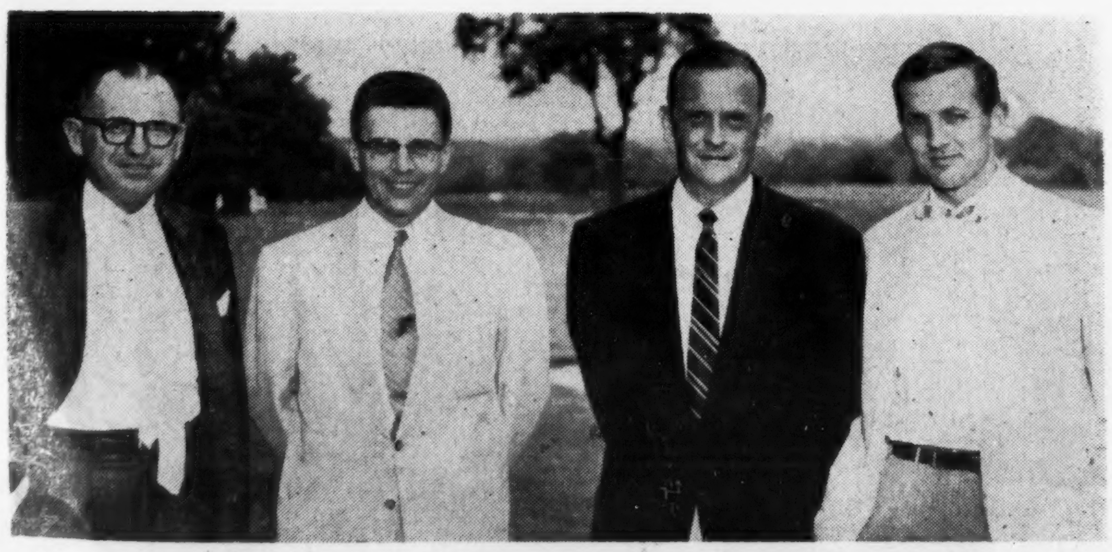
Louis H. Whitehead, *Cosgrove, Miller & Whitehead*, New York; Sidney L. Weedon, *Crosby Corp.*, New York; Robert P. Bennett, *E. A. Clark & Co.*, New York

Robert Von Hoffmann, *L. F. Rothschild & Co.*, New York; W. E. Thomas, *Provident Institution for Savings in Jersey City*, Jersey City, N. J.



Horace G. Houghton, *Kean, Taylor & Co.*, Newark, N. J.; Jay Richardson, *Halsey, Stuart & Co., Inc.*, New York; Howard B. Dunning, *C. P. Dunning & Co.*, Newark

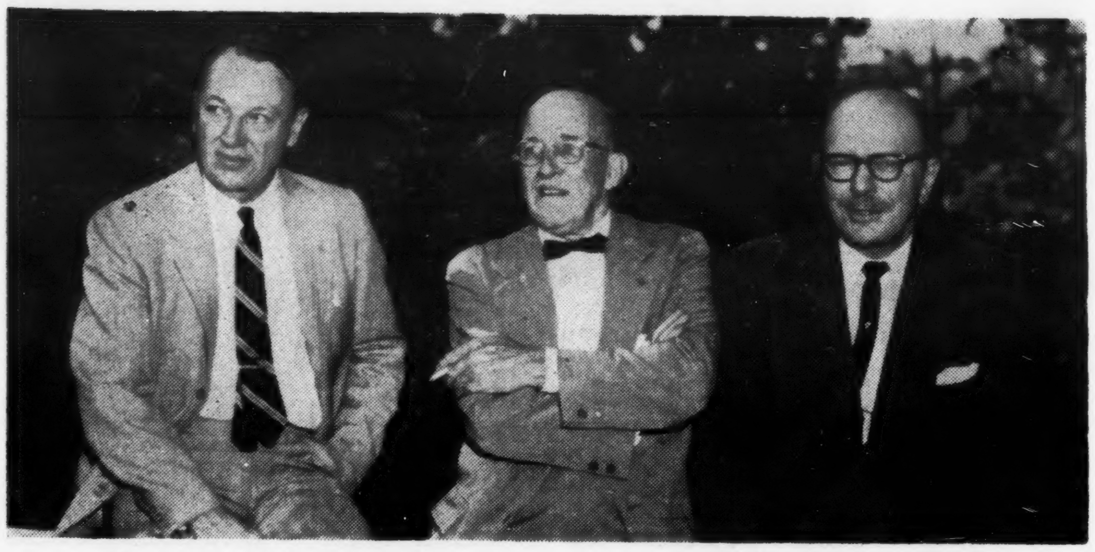
Richard N. Rand, *Rand & Co.*, New York; *Edward Hills, Eldredge & Co.*, New York; Robert M. Pyle, *Hornblower & Weeks*, New York; Edward A. M. Cobden, *Kean, Taylor & Co.*, New York



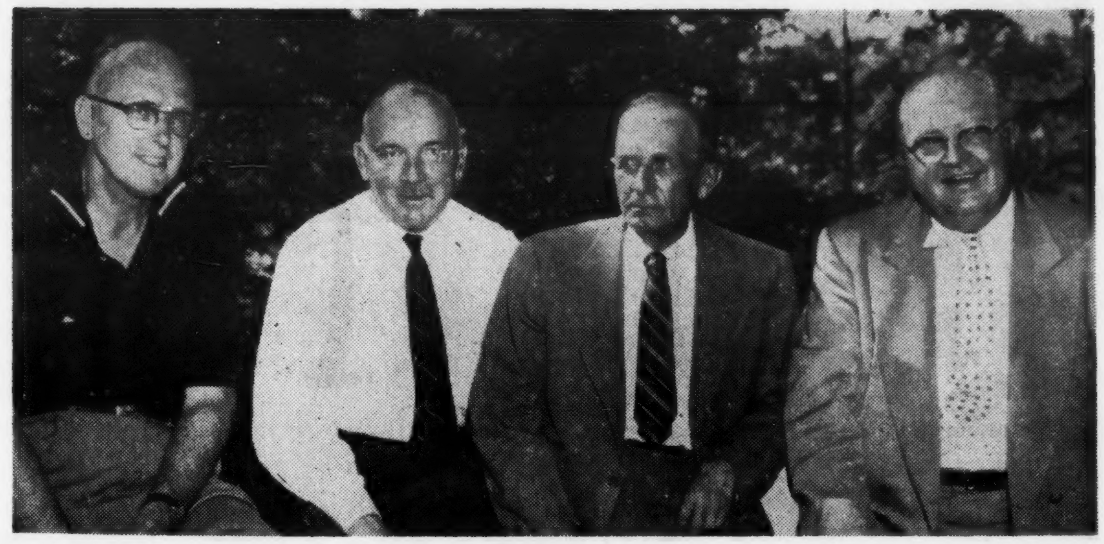
John P. Ryan, *Goldman, Sachs & Co.*, Chicago; John R. Gochenaur, *County Bank & Trust Co.*, Paterson, N. J.; John O. Sachau, *Blyth & Co., Inc.*, New York; Edward L. Winpenny, *Laird & Company, Corporation*, New York City

Chick Spring, *Outwater & Wells*, Jersey City, N. J.; Jim Currie, Glen Ridge, N. J.; Harry C. Zimmer, *Commercial Trust Company of New Jersey*, Jersey City, N. J.; Ed Purcell, *Commercial & Trust Company of New Jersey*, Jersey City, N. J.

At Echo Lake Country Club

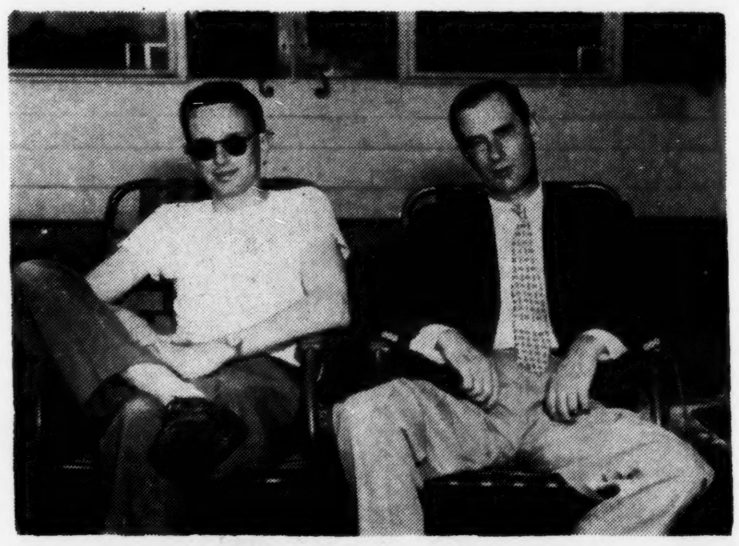


Alex Seidler, *National State Bank*, Newark; Kenneth Spear, *Rippel & Co.*, Newark; Ken Sias, *National State Bank*, Newark



E. F. Kezer, *B. J. Van Ingen & Co., Inc.*, New York; H. L. Rost, *Peoples Bank & Trust Co.*, Westfield, N. J.; George W. Philo, Upper Montclair, N. J.; Joseph R. Mueller, *J. R. Mueller & Co.*, Newark, N. J.

G. V. Storch, *Prudential Life Insurance Co.*, Newark; Frank H. Becker, *Guaranty Trust Company*, New York

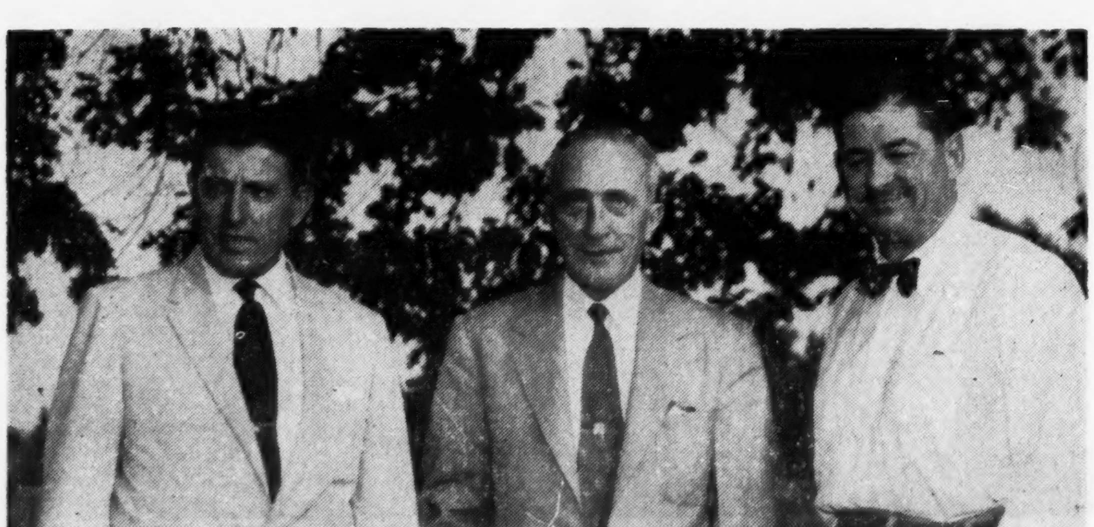


York France, *Colonial Life Insurance Co.*, East Orange, N. J. William Boland, *Boland, Saffin & Co.*, New York

R. D. Delson, *Colonial Life Insurance Company*, East Orange, N. J.; R. R. Krumm, *W. H. Morton & Co., Inc.*, New York City

Ludlow Van Deventer, *Van Deventer Brothers*, Newark, N. J.; Eli Loranger, *National State Bank*, Newark, N. J.; Thomas G. Kenyon, *Carteret Bank & Trust Co.*, Carteret, N. J.; Frank D'Alessandro, *Orange Valley Bank*, Orange, N. J.

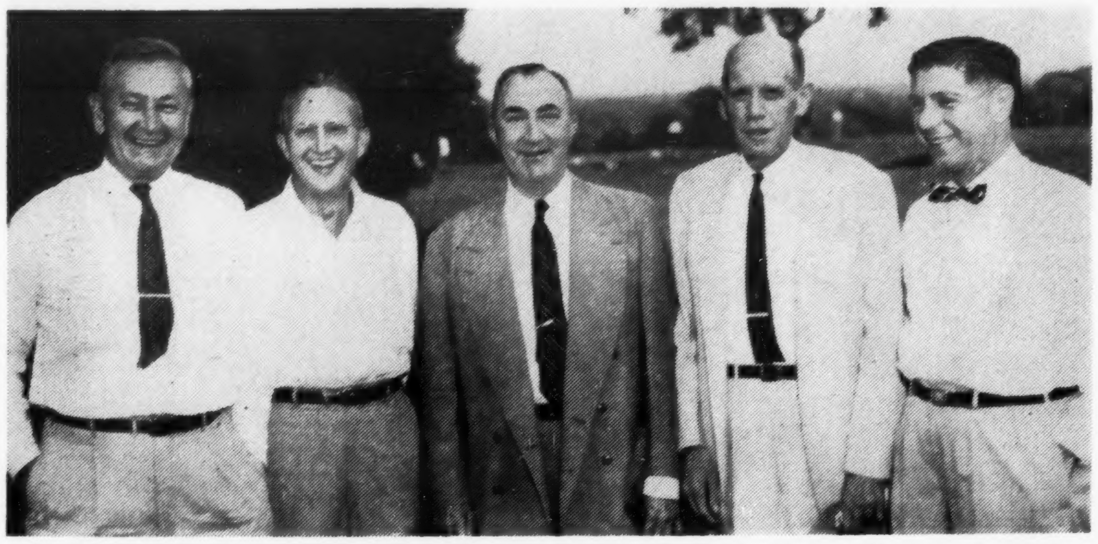
Don Lane, *Merrill Lynch, Pierce, Fenner & Beane*, Newark; Dave Kales, *Wood, Gundy & Co., Inc.*, New York; Tom Weissenborn, *Estabrook & Co.*, New York; *Art Lautz, Mutual Benefit Life Insurance Co.*, Newark, N. J.



J. J. Gustat, *Halsey, Stuart & Co., Inc.*, New York; R. W. MacGrath, *Firemen's Insurance Company*, Newark, N. J.; Thomas J. McCarthy, *Merrill Lynch, Pierce, Fenner & Beane*, Newark, N. J.

Al Leek, *Coffin & Burr, Incorporated*, Hartford, Conn.; A. H. Paddock, *Eastman, Dillon & Co.*, New York City; Wally Scanlon, *Howard Savings Institution*, Newark, N. J.

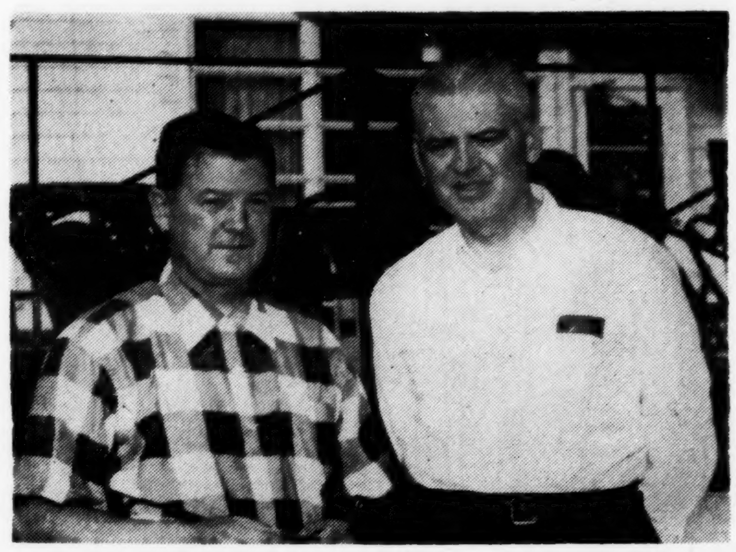
June 15, 1956



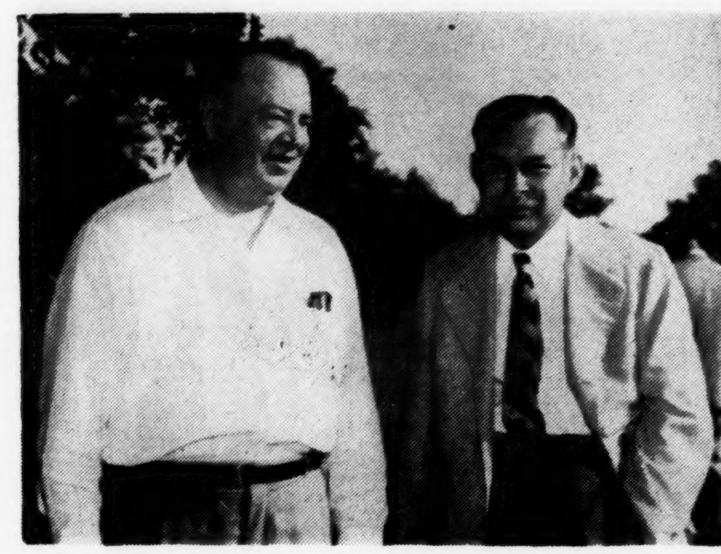
Ed Tallau, *Howard Savings Institution*, Newark, N. J.; F. R. Bailey, Newark, N. J.; J. E. Egner, *Clark, Dodge & Co.*, Newark, N. J.; C. C. Thomas, *Kean, Taylor & Co*, New York City; Archie C. Barbata, *Bank of Nutley*, Nutley, N. J.

Henry H. Hegel, *Federal Trust Company*, Newark, N. J.; A. A. Johnson, *Federal Trust Company*, Newark, N. J.; George W. Smith, *Kidder, Peabody & Co.*, Newark, N. J.; Howard E. Izer, *Passaic-Clifton National Bank*, Passaic, N. J.

Addison K. Barry, *National Newark & Essex Banking Co.*, Bloomfield, N. J.; Daniel L. Reiber, *Pyne, Kendall & Hollister*, Montclair, N. J.

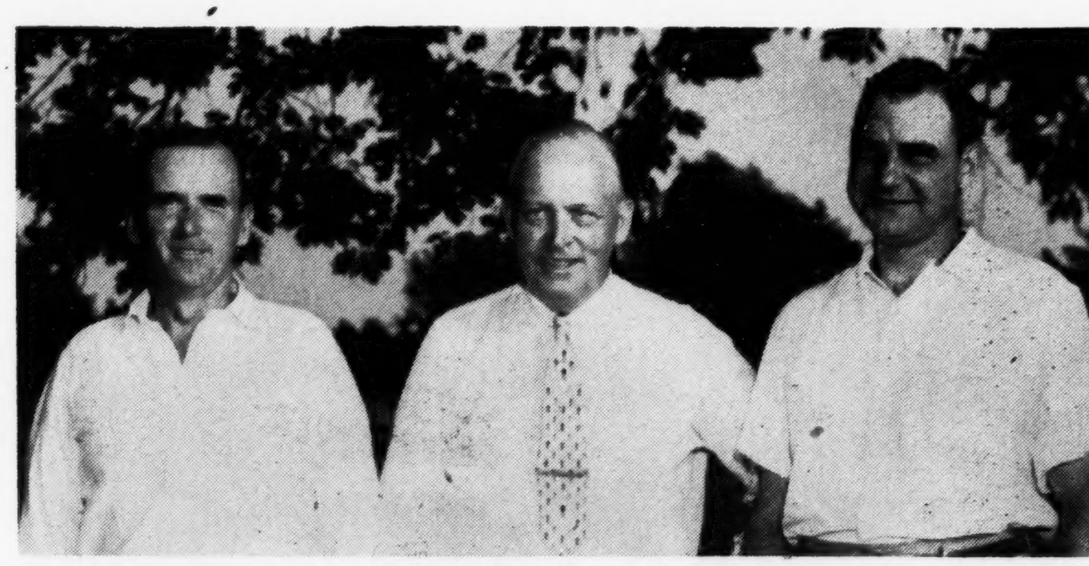


Leo A. McCarthy, *Reed, Hoyt, Taylor & Washburn*, New York; Kenneth C. Ebbitt, *Shelby Cullom Davis & Co.*, New York

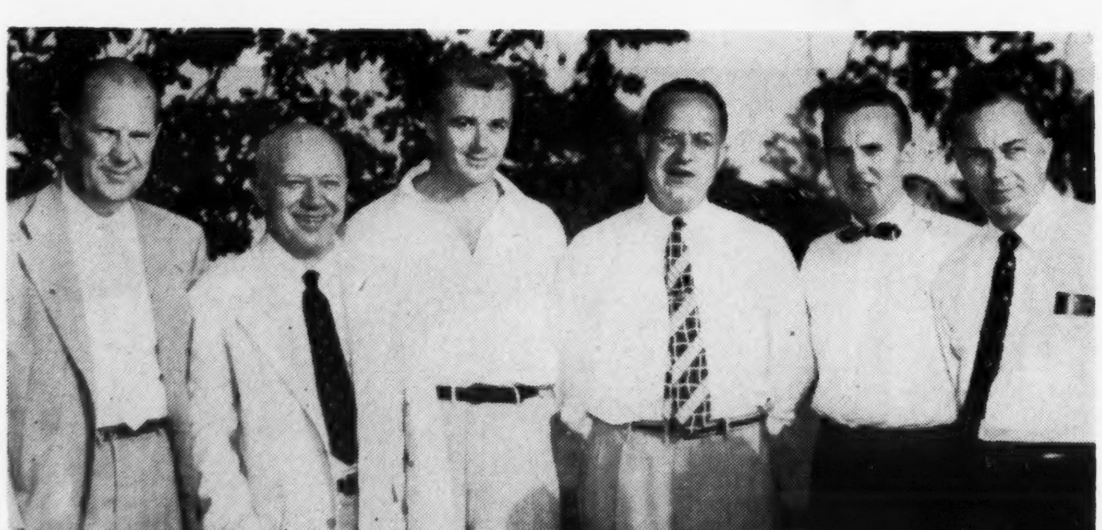


G. W. Slaight, *Gregory & Sons*, New York; J. A. Andrews, *Andrews & Wells*, New York

John W. Kress, *Howard Savings Institution*, Newark, N. J.; M. Thomas Jones, *Hornblower & Weeks*, New York City; Albert P. Luscombe, *Peoples National Bank & Trust Company*, Belleville, N. J.



Jim Johnston, *Glore, Forgan & Co.*, New York City; John J. Roe, *Hudson City Savings Bank*, Jersey City, N. J.; John F. Hoffmann, *Reynolds & Co.*, New York City



Richard H. Marshall, *Laurence M. Marks & Co.*, New York City; Albert F. Rice, *Laurence M. Marks & Co.*, New York City; William L. Phillips, *Mutual Benefit Insurance Co.*, Newark; Jack Duerk, *Howard Savings Institution*, Newark, N. J.; Gordon Boyd, *Mutual Benefit Insurance Co.*, Newark, N. J.; William E. Thomas, *Provident Institute for Savings*, Jersey City, N. J.

Jim Gilbert, *Hornblower & Weeks*, New York; George J. Heath, *National Newark & Essex Banking Co.*, Montclair, N. J.; Gordon Phillips, *Equitable Securities Corporation*, New York City; Ed Sauer, *Orange Savings Bank*, Orange, N. J.

S. W. Felt Joins Robinson & Co.

PHILADELPHIA, Pa. — Plans for the establishment of a separate and distinct mutual fund sales department were announced by Robinson & Co., Inc., members of the New York Stock Exchange. Robert Robinson, President of the firm, said that additional separate space has been leased on the 17th floor of the Fidelity-Philadelphia building for the new department.

Stanton W. Felt, II

At the same time, Mr. Robinson announced that Stanton W. Felt, II, had been appointed manager of the new department. Mr. Felt has been a practicing attorney and counselor-at-law here, specializing in corporate finance and business organization. As Manager of the Mutual Fund Department, he will have full responsibility for the organization, administration and sales direction of this phase of the firm's operation. Under his direction, an intensive recruiting and sales training program will be undertaken to build up a staff of capable branch office sales managers and salesmen.

Ohio Co. Announces Expansion of Staff

COLUMBUS, Ohio—Opening of a new office, reassignment of two salesmen and addition of two men have been announced by The Ohio Company, Columbus, Ohio, investment banking firm.

The Ohio Company's new office, in Lima, Ohio, will be managed by Phillip J. Howell, who has been the firm's sales representative in Allen, Hancock and Hardin Counties since January, 1955.

Robert E. Bartels has been assigned as The Ohio Company's sales representative in the Canton district. He formerly was manager of the firm's Marietta office.

Earl C. Livesay has been named as Marietta office manager, and will serve investors in Washington, Monroe, Meigs, Jackson and Gallia Counties.

Douglas H. Ludeman has been added to The Ohio Company's trading department staff. He formerly was associated with Salomon Bros. & Hutzler, New York investment firm in which his father was a partner for many years.

Donald J. Maloney has entered The Ohio Company's one-year sales training program.

Harriman Ripley Group Offers R. R. Donnelley Stock at $27.50 a Shr.

The first public offering of stock of R. D. Donnelley & Sons Co., the 92-year old family-owned printing concern, was made on June 19, by an investment banking syndicate managed by Harriman Ripley & Co. Inc., which offered 573,575 shares of the company's common stock at $27.50 per share. Of the total shares being offered, 420,000 represent new financing by the company and 153,575 shares are being sold for certain stockholders.

Net proceeds from the sale of the 420,000 shares by the company will be added to its general funds and used from time to time for such corporate purposes as the management may determine. In order to provide additional production facilities to meet anticipated needs of present and future customers, the company has planned a program of capital improvements which is expected to approximate $48,000,000 in the next three years.

R. R. Donnelley & Sons Co., also known as The Lakeside Press, is the largest commercial printer in the United States and carries on a business in which the Donnelley family has been active since 1864. Principal plants are in Chicago, Ill. and Crawfordsville, Ind. The company offers complete facilities for photo-engraving; type-composition, letterpress, offset and gravure printing; magazine, book catalog and pamphlet binding; and for the mailing and shipping of its products. It prints and binds a major portion of several of the larger nationally distributed publications including "Farm Journal," "Life," "Look," "Time" and "Town Journal" magazines, and the "Encyclopedia Britannica," "Compton's Pictured Encyclopedia" and "The World Book Encyclopedia." It also prints and binds over 1,000 different telephone directors including those for a number of major cities and a substantial part of the Montgomery Ward & Co., Inc. and Sears, Roebuck and Co. catalogs. In addition the company produces a variety of other printed matter including bibles, religious publications, school books and other books.

The company has earned a net profit and paid cash dividends on its common stock in every year since 1911. For the year 1955, net sales aggregated $96,404,000 and net income was $6,600,000, equal to $3 per common share. For the first four months of 1956, the company had net sales of $36,519,000 and net income of $2,611,000, compared with net sales of $30,872,000 and net income of $2,056,000 for the similar period of 1955.

W. E. Burnet Partners

W. E. Burnet & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, on July 1 will admit Raymond A. Hartigan to general partnership and F. Richards Ford to limited partnership.

De Forest Lyon

De Forest Lyon, partner in Smith & Gallatin, passed away on June 12.

Hutchins, Parkinson Admit

BOSTON, Mass. — Stephen T. Whitney, member of the Boston Stock Exchange, on July 1 will become a partner in Hutchins & Parkinson, 27 State Street, members of the New York and Boston Stock Exchanges. Mr. Whitney has been active as an individual floor broker.

New Lamson Partners

CHICAGO, Ill. — Richard M. Withrow and Ronald C. Booth on July 1 will be admitted to partnership in Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges. Mr. Booth will be located in the firm's Cedar Rapids office.

First Boston Group Offers Combustion Eng. Conv. Debentures

The First Boston Corporation and associates yesterday (June 20) offered $15,000,000 of Combustion Engineering, Inc. 3⅜% convertible subordinated debentures, due 1981, at 100% to yield 3.375%. The debentures are convertible into capital stock at $30 per share until maturity.

Net proceeds from the sale of these debentures will be used for the retirement of outstanding short-term borrowings from banks which were incurred to finance larger inventories resulting from an increased volume of unfilled orders, with the remainder to be added to general funds, and to be available as required in connection with the company's $25,000,000 property addition program for 1956-58.

The debentures are redeemable at optional redemption prices ranging from 103.38% if redeemed prior to June 15, 1957 to 100% if redeemed on or after June 15, 1980. The sinking fund redemption price is 100%.

Combustion Engineering is one of the largest domestic manufacturers of large steam generating units and is also one of the major manufacturers of chemical recovery equipment for the pulp industry, of flash drying and incineration systems, and of certain fabricated products. The company also manufactures other products, such as: automatic water heaters, range boilers and soil pipe.

For the four months ended April 30, 1956 earned billings and net sales of the company amounted to $48,895,000 and net income to $2,204,000 compared with $46,339,000 and $1,989,000 for the same period of 1955. For the calendar year 1955, earned billings and net sales were $135,778,000 and net income $5,625,000.

Stern, Lauer Admits

Stern, Lauer & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on July 2 will admit Sidney M. Sternbach, Jr., member of the Exchange, to partnership. Mr. Sternbach has been active as an individual floor broker.

E. F. Hutton to Admit

Ronald P. Boardman will be admitted to limited partnership in E. F. Hutton & Co., 61 Broadway, New York City, on July 1.

Continued from first page

Financing Economic Growth

explode this pessimistic theory. We have, in fact, startling new evidence of a resurgence of a rapid rate of growth in the economic life of the country, resuming the growth which was considered normal before the great depression.

Pressures for Economic Expansion

The first evidence of this new growth is in population. The rate of increase since the war has been 1.7% per year, more than double the rate of increase in the 1930's. Last year, 4 million children were born, as compared with an annual rate of 2½ million in the 1930's. With a marked reduction in mortality, this wave of postwar babies is being reflected in the school population and before many years will swell the working force. We have had to revise steeply upward our estimates of the future population. As recently as September, 1946, our peak population was officially forecast as 164.5 million to be reached about 1990, but we have already passed that figure, and present predictions are for a population of 207 million to 228 million twenty years from now.

This larger population means more schools, more churches, more public utilities, more streets, a great many more houses, and a huge increase in the production of food, clothing, and equipment. It means an expansion of productive facilities of all kinds.

A second pressure for economic expansion, and, I might add, for inflation, too, has been the cold war, which has forced us, much against our will, to build huge armaments. This is the price of self-preservation.

While this arms program has drawn funds away from consumption, it has, nevertheless, been an enormous stimulus to production and to research. We have been able to achieve our goals by relying upon constantly improving technological effectiveness.

Akin to this military effort, has been an enormous extension of research programs for civilian uses, partly to find out how to make things with less expenditure of human energy and partly to devise new products to satisfy human wants and to make money for the producers. The expenditures on research for these purposes are mounting astronomically. Our new frontiers of science are even more challenging in many ways than the land frontiers of earlier years.

In the face of these changes, American business has revised drastically its program on capital expenditures, both in terms of amounts and in terms of longer projection into the future.

Company after company is working on programs that extend a good many years into the future, for they know that only so can they hold their own in the competitive race and meet efficiently and smoothly the demands which arise.

These changes are reflected in the surveys of increased business capital expenditures, conducted by agencies of the government and by the McGraw-Hill people. Securities and Exchange Commission and Department of Commerce figures on actual business expenditures for plant and equipment during the past four years and this year are as follows:

Year	Billions
1952	$26.5
1953	28.3
1954	26.8
1955	28.7
1956 (estimated)	34.9

The McGraw-Hill estimates for 1956 are larger still.

Another way to look at this increase in business capital is to think of it in human terms. Each year, through the growth in population, we are adding an average of almost one million men and women to the productive labor force, and their jobs require substantial new capital. There is a direct capital investment of about $15,000 for each worker in manufacturing today. And the additional capital required for each new worker is higher still. Furthermore, there is the constant replacement and improvement of tools which has to be provided, and the capital for public and service industries.

Savings Not Matching Demand for Funds

This great surge in capital expenditures of business naturally raises the question of where the money is coming from.

There are two sorts of evidence that the demands for capital, both for business and personal use, are running ahead of the country's savings.

One evidence is in the capital markets themselves, where, in spite of the largest volume of new issues of all time, the market has been staggering under the impact of additional demands for funds. With the price of money substantially increased, a number of new issues have had heavy going, and some have been deferred.

The second evidence is to be found in the increase in bank loans. Loans to business by commercial banks are about 20% higher than they were a year ago, showing that some of the demand for capital has been absorbed by the commercial banks.

The mortgage market has provided a particularly interesting piece of evidence. In the middle of last year, the volume of mortgages created to build homes could not be fully absorbed by the accumulation of savings in the regular savings institutions and spilled over into the commercial banks, largely through a substantial increase in mortgages warehoused by the banks.

So, here is evidence that savings have not been keeping pace with the demands for funds.

Short-Long Term Trend?

Several questions are naturally raised: Is this a temporary burst of demand, or is this a long-term trend? How serious is the shortage of savings, and what ought we to do about it?

I am sure that you would all agree that it is in times of prosperity like this that the seeds of future trouble often start to grow. Most of you remember all too well the "new era" thinking of the late 1920's. It is time to examine ourselves and take every possible precaution to avoid the twin evils of either inflation or deflation.

In judging the balance between savings and spending, we now fortunately have many more figures available than we had a few years ago. I shall avoid getting enmeshed in expounding these figures to you, but I should rather try to give you certain broad conclusions from my examination of the figures.

The first conclusion is that this country is doing a tremendous job of saving money and applying it to increasing our wealth and wealth-producing assets.

Business corporations, in 1955, increased their assets by about $39 billion. Of this, $14½ billion was covered by current depreciation, and $14½ billion was raised by increasing debt or selling capital stock. The other $10 billion came from retained earnings.

While corporations went into debt by about $9 billion (outside of income tax liability), on the other side of their ledgers, they increased their receivables and inventories by almost as much.

Good Record Last Year

So, the record of last year is a pretty good one but does seem to suggest that a further substantial increase in plant and equipment expenditures this year, such as is now projected, will mean a further large increase in debt.

Looking further ahead, the number of variables is so great as to baffle firm conclusions. George Terborgh has made a careful analysis and estimates for the coming decade that depreciation and retained earnings are likely to provide the major part of future expansion; so that requirements from the public would be well within the expected amount of funds available.

That raises the question of the trend of individual savings from which capital may be drawn for business growth.

Road to Insolvency?

A number of articles in recent months have implied that the people of this country were borrowing more money than they saved and were thus on the road to insolvency. This is not so. While individuals have been increasing their debt rapidly, particularly their mortgage debt and consumer debt, they have been saving more than they borrow. So that, in the aggregate, net personal savings are running better than 6% of individual disposable

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market went through the June 15th income tax period with hardly a ripple being noticed, because the monetary authorities had it well prepared for the loans which had to be made in order to make these payments. Also, it is evident now that the borrowings for income tax purposes were not as large as had been expected not so long ago. Demand for funds, however, is still as sizeable as ever. It is reported that the short-term sector of the Government is giving the other forms of investment very stiff competition, with the intermediate and long-term obligations somewhat less active than they have been in the recent past.

It is believed that the monetary authorities are alert to both the dangers of inflation and potential deflation and that the not too distant future will witness some easing of money conditions. Direct action by the Federal Reserve System, probably a decrease in the discount rate, would not be unexpected.

Short-Term Issues in Demand

Operations in the Government market continue to be on the quiet side, even though there is a sizeable demand around for the shortest maturities. It is evident that a substantial amount of money is being put to work in the most liquid Treasury issues. With the June 15th income tax payments pretty well taken care of, it appears as though not a few corporations found they had money available for the purchase of near-term Government obligations. Borrowings for income tax purposes, according to reliable estimates, were not as large as had been expected in certain quarters and this is believed to have had a not unfavorable effect upon the demand for short-term Treasury issues.

The intermediate-term securities continue to have a fair demand, with selected purchases being made by certain institutional investors that are interested in a modest lengthening of maturities as well as those that are still putting money in these securities which has come from the sale of other obligations for tax purposes.

Longer Governments Rather Active

The more distant Government bonds continue to move in a narrow range, with volume and activity on the restricted side. There is, nonetheless, a fair amount of buying being done in some of the 2½% bonds, with the 1965-70s reportedly the favored issues at this time. The 3s of 1995 appear to have some scattered selling from time to time, with indications that a part of this liquidation is in the form of profit-taking. On the other hand, these offerings have been rather well taken, because there is still a modest amount of buying coming into this bond from those that are continuing to switch out of other forms of investment.

Also, there are reports that certain deposit banks in out-of-town areas have been making not too large commitments in the longest Government bond. This is the first time in a long period that there have been indications that the smaller commercial banks have been making noticeable purchases of the 3s of 1995.

Easier Money Market Expected

Despite the fact that the only help which has been given to the money markets so far by the powers that be, has been in the form of sizeable purchases of Treasury bills, which does not mean any deviation from the pattern which has been in force, there is still a very strong feeling around that there will be easier money conditions in the not too distant future. It is being pointed out that the trend of economic conditions is such that the policy of tight money should be giving way to one in which there be not as much restraint as was the case when the boom and inflation psychology was so strong.

$278 Billion Debt Ceiling Anticipated

With indications that the budget surplus will be a sizeable one for the fiscal year now ending, the debt limit will not have to be increased as much as it was in the past. According to reports which have come out of the House Ways and Means Committee hearings, legislation permitting a $3 billion cut in the temporary debt ceiling to $278 billion will be in effect for the next fiscal year.

Credit and Debt Policy Hearings

The recent testimony of the Secretary of the Treasury and the Chairman of the Federal Reserve Board before the Congressional Committee, headed by Representative Patman of Texas, appeared to have shown no great disagreement as to the reasons for the action which has been taken as far as the over-all monetary policy is concerned. Secretary Humphrey, however, did again indicate that he was not in agreement with the last increase in the discount rate.

income. This, however, compares with 8% savings a few years ago, and the amount and percent have been declining for three years.

Thus, the figures show that the American people are a saving people both as individuals and in the operation of business. A huge amount of funds is being made available each year for the progress of the country in satisfying human needs more fully and meeting our national obligations.

We Are Doing Pretty Well

Based on these figures and on what is actually happening in the money markets and with respect to bank credit, my conclusion is that we are doing pretty well, but not quite well enough.

To be sure that our rate of progress will continue without interruption by inflation or lack of accumulation of capital, I believe the time has come when we must all consciously follow policies which will encourage the accumulation of the needed capital.

In the background, we must remember that we are engaged in a great international struggle to demonstrate to the people of the world the quality of our economic system and its capacity to satisfy human needs. I believe we have the best economic system and the most efficient one, but we must give the broad principles of its operation the same careful attention that we give to the details of the operation of our businesses. What, then, are the things that we need to do to assure the continued flow of savings in the amounts needed to keep our economic machine moving ahead in high gear?

Resist Inflation

The first thing we must do is resist inflation. When you have inflation, the cost of building new plants increases faster than the rate of savings.

Inflation is a product of many influences and policies, both governmental and private.

The increase in productive facilities which can produce more and better goods more efficiently is, in itself, one of the antidotes to inflation.

The government today recognizes its responsibility for maintaining a stable dollar. The first necessity is a balanced budget, and we are promising you that for this fiscal year, and, with good fortune and cooperation, for the next fiscal year, also.

Perhaps the most potent arm of government for assuring stable money is the Federal Reserve System. This Administration has assured the Federal Reserve Board and the Federal Reserve banks that they will be free to exercise their judgment in the determination of their policies in the public interest. The broad program of the Reserve System in the past year for holding in check a tendency toward over-expansion of credit has, I believe, been most helpful in keeping the pressures toward inflation within bounds.

There are other governmental actions wihch impinge on economic stability which I shall not attempt to describe, except to assure you that those of us who are working for you in Washington are doing our best to steer these forces in the direction of sustained economic growth.

Let me suggest, also, that business itself and the policies it follows with respect to wages and the pricing and marketing of its products exercise a very important influence on the economic trend.

The other area in which I believe we can all make a contribution toward assuring an adequate supply of funds for progress is the direct encouragement of savings.

Encourage Savings

In the Treasury, we are celebrating this year the 15th anniversary of the Series E Saving Bond. This Bond has proved itself a unique mechanism for teaching regular savings by millions of people. There are now $40 billion worth of these Bonds outstanding in the hands of approximately 40 million people in the United States.

The banks of this country have performed, voluntarily, an outstanding public service through their encouragement of Savings Bond purchases through the years. The vigorous promotion of this form of savings is one of the best ways of teaching thrift. To the extent that more of the Federal debt can be put into the hands of individuals who would not otherwise have saved, that will tend to release other funds for the use of business.

We have developed in this country, also, a unique system of institutions for savings, including insurance companies, pension funds, savings and loan associations, savings banks, commercial banks, and others. These institutions we need to foster and encourage.

We are today going through a period of uncertainty as to rates of interest. In a free market, the balance between the volume of savings and the demand for money is influenced by rates of interest. We are just emerging from a period of 20 years during which interest rates were held artificially low as a matter of government policy—a great handicap to sound economic progress. Just where the rates should be cannot be determined arbitrarily. The important thing is that rates should have reasonable freedom of movement to reflect the economic forces of supply and demand.

What I believe is that we have escaped from a period of economic regimentation and doctrinaire solutions into a freer atmosphere. In this period, we should be able to make vigorous economic growth toward new standards of satisfaction for the lives of all the people.

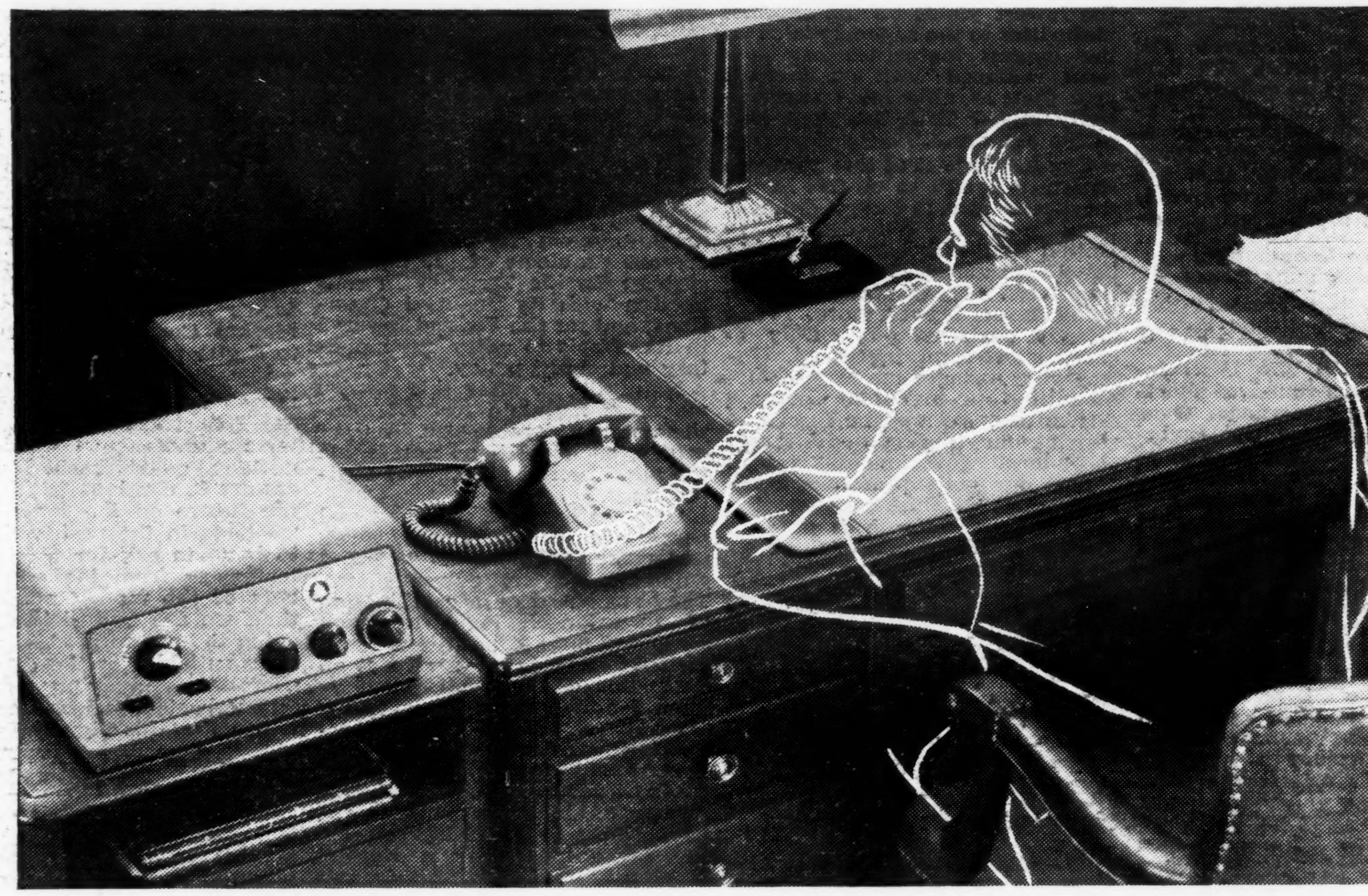
If this growth is to go forward with power and assurance, we must somehow learn to combine freedom with restraint to avoid the twin dangers of inflation or deflation which threaten us in every period when we tend to grow over-confident.

Form All States Managem't

DALLAS, Texas — All States Management Co. has been formed with offices in the First National Bank Building to engage in a securities business. Officers are Thomas G. Moore, President; Felis Atwood and Olin W. Smith, Jr., Vice-Presidents; Lawrence T. Castoe, Secretary and Treasurer.

Jones, Kreeger Branch

BETHESDA, Md.—Jones, Kreeger & Hewitt, members of the New York Stock Exchange, have opened a branch office at 7730 Wisconsin Avenue under the management of Robert M. Hanson.



Continued from page 3

Effects Upon the Bond Market Of a Restrictive Credit Policy

severe criticism, not only by politicians, but by many bankers and businessmen, as well. I don't have to go back to the collapse of commodity prices in the 1920's or the business recession of 1937 to prove my point. The maledictions heaped on the Treasury as well as on the Board when credit restrictive measures were adopted early in 1953 illustrate what I mean. And in that year, as probably everyone here present can bear witness, when the need for credit restriction had ended, action to bring about the necessary reversal was fast, decisive, and effective.

Few unbiased observers will deny that, in general, the debt management and monetary policies pursued by the present regime have produced excellent results. It is evident that since those anxious days of early 1953 the monetary authorities have greatly improved their market techniques.

Success in Lengthening Government Debt Issues

Since then, the Treasury has pretty well accomplished its objective of ending what had become after World War II a virtually continuous round of short-term refunding operations. Over the years it has steadily lengthened the term of that portion of the short-term debt which could not be retired. As a consequence, the short-term area of the market can now be regarded as a sure source of funds in any amount, in case an emergency need should arise. This policy of lengthening the term of the public debt has also greatly aided the anti-inflationary efforts of the Federal Reserve Board. For ending the heavy concentration of public debt in very short maturities also served to abate the constant threat of too rapid monetization of such debt.

For their part, the Federal Reserve authorities have done an excellent job of maintaining dynamic balance in our expanding economy. The relative ease with which the long-term money market has adjusted to the progressive hardening of interest rates over the past year bears witness to the skill with which the Federal Reserve has pursued its stabilizing policies. Now I want to comment on some matters which are the operational concern of dealers and the ultimate concern of all members of the financial community.

Broadening Open Market Committee Operations

For some time the United States Treasury bill market has been subject to heavy demand and short supply. Banks have generally used the bill market to adjust their secondary reserve positions. Some corporations have always used it for the employment of temporarily available funds. And, traditionally, central bank operations have usually been confined to this section of the money market. Now, however, a combination of higher bill rates, and an increasing degree of financial sophistication among corporations, public bodies and eleemosynary funds has attracted a host of new investors to this market. I think it is safe to say that the activities of these newcomers on occasion complicate matters for the Open Market Committee, which, incidentally, still confines its operations to the bill market. For the benefit of all concerned with stabilizing short-term markets, some way of easing the now chronic demand-supply imbalance in the bill market will have to be worked out, perhaps by a broadening of Open Market Committee operations to include all Treasury obligations with maturities of up to one year. This latter course would, it seems to me, do little violence to the traditional central banking preference for operating in the nearest thing to money.

Inability to Carry Short-Term Inventory

Another matter of even greater importance is a by-product of the pronounced change which has taken place in the interest rate patterns typical of the past 20-odd years. The familiar ladder of interest rates curve, ranging from the lowest yields on the shortest maturities to the highest yields on the longest maturities has now been replaced with an interest rate plateau at a level substantially higher than the peak rate of the old curve.

The full impact of this new rate structure is still to be felt in the short-term area of the government bond market. We dealers in United States Treasury securities have been among the first to feel its effects. If it continues, we are going to feel it even more. It has already curtailed our ability to carry short-term inventory. Unless we can find some way of surmounting our inventory carrying difficulties, we may be forced to restrict our trading activities in short-term governments, or to change our methods of doing business. And if this happens, the services we have been able to place at the command of the Federal Reserve, the Treasury, the banks, and other financial institutions may no longer be so readily available. I think all sections of the financial community want to avoid that undesirable, and unnecessary solution of the dilemma which we dealers face. Perhaps a brief examination of the functions of the government bond dealer, and how we proceed to discharge them, will yield clues to a more satisfactory solution.

Functions of a Government Bond Dealer

Acting as principals, for our own account and risk, we maintain primary trading markets in all United States Treasury marketable securities. As a daily, normal business hazard, we accept the risk of market fluctuations which can be very considerable. In a sense, we occupy the same position as that of a specialist on the floor of the stock exchange. We try to maintain an orderly and liquid market, at all times, in our specialty, United States Government securities. However, the magnitude of our task and the risks we undertake are on an infinitely greater scale. We, as a matter of fact, are trying to run a specialist's book on a $275 billion company that has a subsidiary, which to do its job, must keep $23 billion of the parent company's securities dangling over our heads like the sword of Damocles.

Our trading activities afford financial institutions a readily available means of adjusting their government securities holdings to their innumerable and varied needs. Our work makes available to these institutions a quick, broad and substantial market in which to raise cash or to satisfy their investment requirements.

We also perform important underwriting functions in connection with Treasury refunding operations and cash financings at considerable market risk to ourselves. For example, we take on maturing obligations being refunded with longer term securities held by short-term investors, for our subscription and later redistribution. We bid in the weekly bill auctions, and subscribe to Treasury cash financings, also for later redistribution.

Through us the Open Market Committee conducts its operations to increase or decrease the supply of credit by purchases and sales of Treasury bills in the marketplace. Through us the Federal Reserve can supply temporary funds in periods of short-lived stringency by means of repurchase agreements.

In addition, we supply, gratis, a wealth of market information and advice to the monetary authorities. The Treasury, at all times, has our professional knowledge and advice at its command for its refunding and cash financing operations. We freely furnish the Federal Reserve with the information which enables the Open Market Committee to gauge what is going on in the marketplace. We supply that Committee with a daily record of our long and short positions, a review of the types of investors currently in the marketplace as buyers and sellers, and the size and market area of their activities.

We are, as it were, the catalytic agents in the money market test tube, speeding up and smoothing the way for a multiplicity of financial transactions of the first magnitude, e.g., for the secondary reserve problems of the banking system; for the Treasury in connection with its financial operations; and for the Federal Reserve in its efforts to carry out monetary and credit policy.

Naturally, to offer this service we must maintain trading positions of considerable size. And, of course, such positions necessitate the allocation of substantial capital funds.

Our trading and our long and short positions are, of course, undertaken without any official guidance, advice, or assistance. They are based on a combination of experience, logic, common sense and market intuition. From such material do we arrive at an evaluation of the trend of money rates, the immediate demand-supply picture in the various maturity clasifications, and the prospective purchases and sales of all kinds of government securities by all types of institutional investors. And, added to the ordinary market risk, there is the ever present possibility that our trading calculations may all be tossed out the window by action without warning by the Open Market Committee.

Act As Principals, Not Agents

It does not stretch the truth to say that we government bond dealers are indispensable to the maintenance of an active, smoothly working market in United States Treasury securities, and that our trading activities, undertaken as principals, make the market broader, more flexible and liquid, easier to deal in and hence more responsive to the needs of the national economy than would be the case were we forced to act as agents.

To better understand the market significance of dealers acting as principals rather than as agents, I invite you to consider the tempo of trading and degree of liquidity which obtains in those areas of the bond market where transactions are customarily handled by brokers acting always, or almost always, as agents.

Quite a few commercial banks have recently discovered, much to their surprise, that short-term holdings of municipal bonds, equipment trust certificates, and other corporate market trading media, have somewhat less secondary market liquidity than long-term securities, and that the commissions paid to secure executions in such markets can easily absorb quite a few basis points. It would be unfortunate for the entire financial community for this state of affairs to be forced, by the banks and the Federal Reserve, on the government bond market.

Increasingly Profitless Business

Underwriters usually get an underwriting commission. We government bond dealers do an underwriting job, but we get no underwriting commission. Financial consultants get a fee. Our counsel is sought but we get no fees. Brokers take no market risks and get a commission for their services. Up until the present time and the advent of a new, higher rate structure, our market ingenuity and agility took care of both market risks and brokerage commissions with great benefit to the money market. But today we face a different set of market circumstances.

In the past, carrying charges on inventory had rarely made going long as costly a process as being short. Today, especially in positions in short-term obligations, we dealers are continuously over a barrel, due to the discrepancy in interest income between what we are long and the rate of interest we have to pay to carry our position. And, of course, our positions can be made untenable without warning by an Open Market Committee operation. Today we are painfully aware of the heavy overhead cost of conducting increasingly profitless business in short-term securities, and of needless inventory losses occasioned by the Open Market Committee's indifference to dealer problems.

We're all playing on the same money market team—the banks, the Treasury, and ourselves, with the Federal's Open Market Committee at quarterback. If we dealers are to continue to function in the future on the same basis as we have in the past, we're going to have to ask for a little more teamwork from the other members of the money market team than we are now getting. We're going to have to get bank loaning rates suitable for the carrying of short-term inventory, and our quarterback will have to give up whispering his signals.

Solution to Dealer's Money Market Problem

Now I should like to advance a possible solution to this money market problem. I believe government bond dealers should have the assistance of a realistic borrowing rate, for the purpose of maintaining trading positions affected with the public interest. I believe it is the joint responsibility of the banking system, the Treasury and the Federal Reserve System to see that government bond dealers can obtain borrowing rates which will permit them to maintain the breadth and depth of trading functions necessary to a free and effective government securities market. Dealers should also be aided in their work by easy access to repurchase agreements with the Federal Reserve Bank. Moreover, I recommend that the present repurchase agreement be collateralized by government bonds of any maturity, cancelling the present maturity restriction of 15 months.

Granted such operating conditions, the government bond market can continue to be as nearly perfect a market as exists in the world today. Without them, the market is in grave danger of being unable to continue to provide valuable services of great importance to the banks, the Federal Reserve, the Treasury, and the nation at large.

Flat Interest Rate Curve Regardless of Maturity

Right after the turn of the year the influence of the January reinvestment demand was much in evidence, and, in the face of a temporarily lighter new issue calendar, bond prices momentarily gave a deceptive appearance of stability which vanished as soon as the new issue calendar began building up. Moreover, the prospect of a continuing high level of bank loans and of a further increase in the rediscount rate which, as you know, recently took place, together with heavy demand for long-term capital, caused a general decline in bond prices, though a brisk rally from the lows has now taken place. The extent of this decline and partial rally has been most clearly evident in the new issue market. During this period the curve in the old ladder of interest rates pattern has been almost completely flattened in the corporate market and considerably diminished in the municipal market. Where, formerly, a new equipment trust certificate issue was brought to market on a neat and orderly offering scale running from the least yield on the shortest to the most yield on the longest maturity, today's pricing is apt to be all one rate from the first maturity to the 15th, take your pick. A year ago, long-term triple A corporates were likely to be offered to yield around 3.15%. At a low point in the recent decline triple A Duke Power 3⅝s of 1986 and Commonwealth Edison 3½s of 1986 were issued on a 3.50% basis and $300 million General Electric 3½s of 1976 were offered on a 3.47% basis. In other words, yields on highest grade long-term corporate bonds have increased by about ⅜ of 1% during the past year.

A noteworthy development in the bond market is the widening differential in the yields now obtainable on corporate obligations as compared with those obtainable on government bonds. The spread in yield in favor of the corporates is now virtually at the widest point since the 1930's. Again, this is most clearly evident in the case of the new issues. As I prepared these remarks for presentation to your Treasury 3%'s of 1955 showed a yield of 3.03%, triple A and double A new corporate issues showed yields of around 3½%; and single A rated issues around 3¾%. Double A rated equipment trust issues now afford yields of around 3.45%; and single A's 3½% to 3⅝%.

Pause in Economic Expansion and Bonds

Now as we all know, the monetary authorities have viewed with great concern the booming economy of the past two years. Their concern has been evidenced by the hardening of money rates and the pressure on the money supply in the marketplace. Should their concern continue, this pressure will continue to put a ceiling on the bond market. Should it increase, bond prices will work lower. Should their concern abate, the pressure they exert in the money market can be expected to be relaxed and bond prices, as a result, would then move higher. Should their concern change its direction and focus upon heading off a recession rather than a boom, an easing of money rates would be indicated. This would, of course, boost bond prices. As of this moment, it seems to me that the economic odds favor maintenance of the status quo. How long this situation will continue depends on developments in housing, in autos and in the price of steel. It is possible that we face a slight diminution of the present economic tempo. If the demand and supply for long-term capital funds are in balance, the bond market can be expected to improve and bond prices move up. As a matter of fact, I believe the bond market downturn of the past year and a half has already bottomed out. The market has a way of anticipating future money market developments. Whether it will do so more aggressively at this time is a moot point.

This raises an interesting point to consider. If a pause in our economic expansion should now be getting under way, can the

bond market be expected to behave precisely as it did back in 1953 and if so, would investment tactics which were pursued with great profit at that time be likely to work with equal success in a bond market upturn today?

Some here may remember that, back in the 1953 bond market sell-off, some investment officers passed up the high coupon new issues which then came to market, and bought, instead, low coupon deep discount issues. They passed up maximum yield in order to obtain portfolio insurance against a possible future wave of refundings. A refunding cycle developed shortly afterwards and, consequently, such investment tactics paid off handsomely. Today's bond market obviously affords a similar opportunity.

Long Term Economic Expansion

I believe we are now in a period of long-term economic expansion. Such periods, no matter how vigorous, are still subject to a temporary slackening of the economic tempo. When this occurs it's felt in the money market and bond prices improve. Then everyone's memory turns to the old ladder of interest rates and the ghostly apparition of war and depression-born easy money haunts the harried portfolio manager. But before going all out for deep discount bonds, just remember, the jet propelled price mark-up in bond prices which developed in mid-1953 began petering out a year later. If such a bond market turn-around should now occur, as it well may, I do not believe it will be as intense in price reversal as that which developed in the former period. Accordingly, I do not believe you will lose very many high coupon new issues by means of refundings. And if you should lose some, I think there is an excellent chance you'll get them back when the economic tempo again accelerates. The American people are determined to achieve still higher standards of living than they enjoy today.

I want to tell you how deeply all of us at Salomon Bros. & Hutzler appreciate the warm and continuing welcome you have extended to us. The southern hospitality we've experienced has exceeded all the things we'd heard about it. I have already confessed my faith in the bright promise of our economic future. I think you will all know what I mean when I say that that future seems to us to promise even more in this great dynamic southwestern economy. We want to grow with you and to put everything we've got into helping to make Texas even greater than it is today.

W. M. McKenzie Opens

HOUSTON, Texas—Wilfred M. McKenzie is conducting a securities business from offices at 145 Ashburn.

King Merritt Adds

(Special to The Financial Chronicle)

SPRINGFIELD, Mo.—Hubert J. Shade has been added to the staff of King Merritt & Co., Inc., Woodruff Building.

Bache Adds to Staff

(Special to The Financial Chronicle)

COLUMBUS, Ohio — James A. White is now with Bache & Co., 30 East Broad Street.

Hall & Hall Add

(Special to The Financial Chronicle)

FRESNO, Calif. — Arnold E. Brinkmeier has become connected with Hall & Hall, Bank of America Building.

Samuel Franklin Adds

(Special to The Financial Chronicle)

LOS ANGELES, Cal.—William F. Otis has been added to the staff of Samuel B. Franklin & Company, 215 West Seventh Street.

Merrill Lynch Sells Securities Inv. Shares

Merrill Lynch, Pierce, Fenner & Beane and associates on June 15 offered $7,500,000 of 4¾% sinking fund debentures due June 1, 1968 of Securities Investment Co. of St. Louis, at 100% and accrued interest. This offering was oversubscribed.

A sinking fund beginning June 1, 1959, will retire 90% of the entire issue prior to maturity.

Optional redemption may be made at prices ranging from 105% to par while sinking fund redemptions will be made at par, together with accrued interest in each case.

The net proceeds from the sale of the debentures will be applied to the reduction of short-term bank loans which amounted to $49,505,000 on March 31, 1956. The bank loans were used primarily to provide funds for the purchase of receivables and for making loans in the normal course of the company's business.

The principal business of Securities Investment Co. of St. Louis consists of purchasing retail installment notes from, and advancing funds to, automobile dealers. The company also makes loans to other finance companies, automobile loans to individuals, and to a minor extent, makes loans to individuals for various purposes and purchases retail installment notes secured by other chattels. In connection with its finance activities, the company also conducts an insurance agency business.

Associated with Merrill Lynch, Pierce, Fenner & Beane in the offering were: The First Boston Corp.; G. H. Walker & Co.; Salomon Bros. & Hutzler; Hallgarten & Co.; L. F. Rothschild & Co.; A. G. Becker & Co. Inc.; Central Republic Co. (Inc.); Estabrook & Co.; Laurence M. Marks & Co.

Now With Akin-Lambert

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Marie E. Schneider is now with Akin-Lambert Co., Inc., 639 South Spring Street, members of the Los Angeles Stock Exchange. Miss Schneider was formerly with Kerr & Bell.

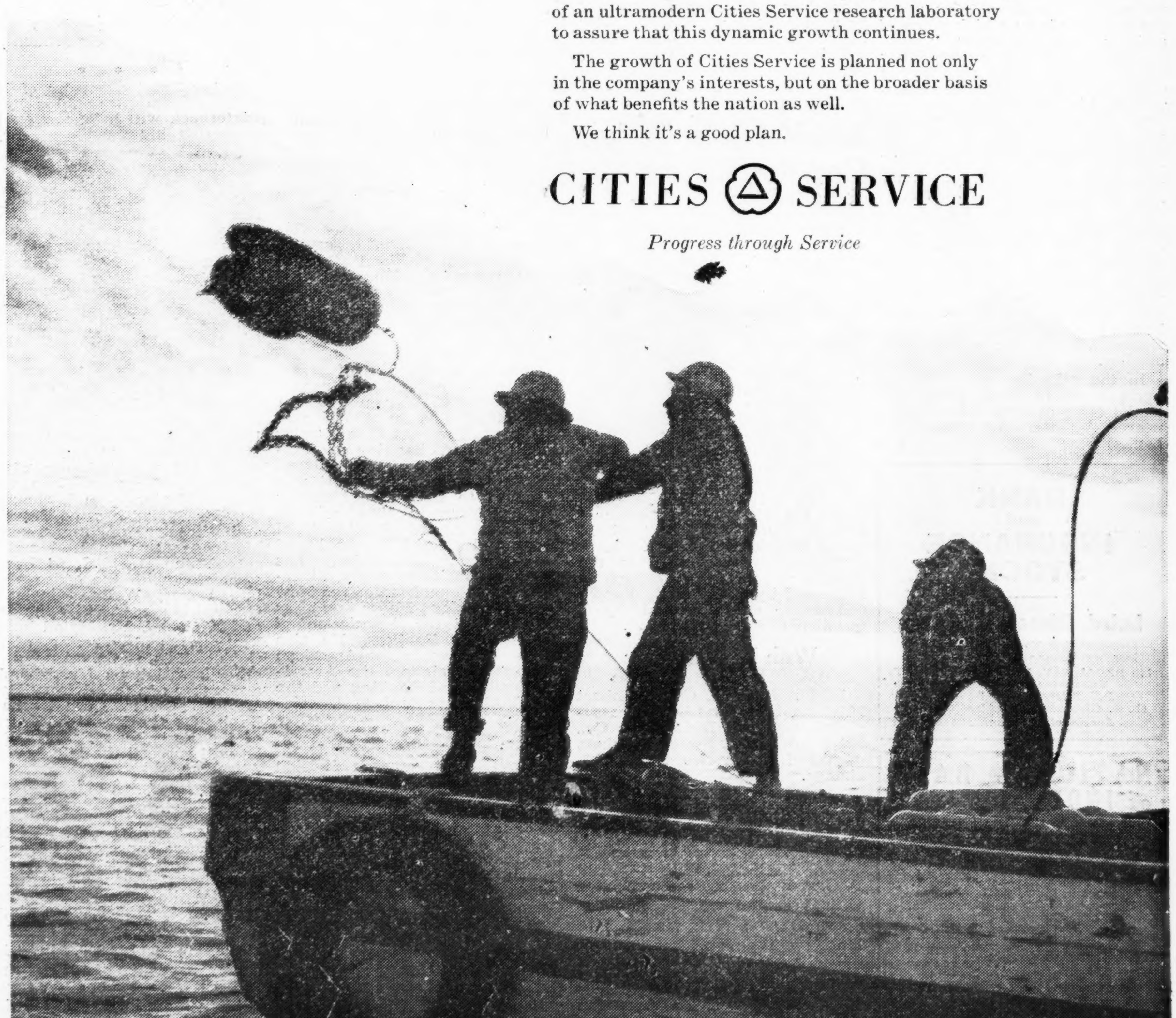
Shields & Company to Admit Arthur to Firm

Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange, on July 1 will admit Donald Arthur to partnership.

Joins Hopkins Harbach

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—James E. Keough has become affiliated with Hopkins, Harbach & Co., 609 South Grand Avenue, members of the Los Angeles Stock Exchange. He was formerly with C. A. Botzum Co.



Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

There has been a sizable to-do over "high" money rates. Business became so inured during the 1930's to rates that, from the banks' point-of-view, were starvation in proportion, that it came to expect interest to continue in the 2% area for prime names. But business is not entitled to such a "break" forever. Business prospers greatly during boom periods, and there is no good reason why, in this circumstance the banks cannot or should not share in the prosperity.

The low money rates of the 1930's were largely artificial and "rigged" in order to help force a return of the boom prosperity of the 1920's. And those of the first half of the 1940 decade ruled low because a fabulously expensive war had to be financed as cheaply as possible. The economy was so long accustomed to the low rates that, somehow, inflated prices for almost everything from a candy bar to a giant generating station were accepted. But not so interest rates. These were kept low by a plentiful supply of funds on the part of the Federal Reserve.

Now, however, when the powers behind the money supply are grudgingly allowing some modest firming in money rates, it is coincidental to the effort to put a brake on expanding bank credit to prevent a feared inflation of the general economy. Why, when the economy is on a high plane of activity and turn-over, should business not expect to pay higher rates? That was the case in the early 1920's when prime loan rates went as high as 5%.

In the case of the 13 leading New York City bank stocks, the rate of operating earnings on capital funds (book value) for the 12 months through June 30, 1956, was an average of 7.2%, exactly the average of the 12 months ended with March, 1955. In other words, in this later 12 months no material progress was made so far as the rate of earnings on book value was concerned; and if we were to go back to the periods of leaner bank earnings, this average figure would be substantially smaller.

In the calendar year 1948 the average of 18 New York City banks (five of them have disappeared by merging with other banks) was 6.2%. Thus in approximately seven years of unprecedented prosperity this rate of operating earnings on book increased only 16%. While, probably, one may find other industries that made even a less satisfactory performance, probably there are none that are as basic and essential as banking that shared less than the banks did in the nation's good times.

A contributing factor to this poor showing was, of course, the low dividend pay-out ratio to earnings. Because bank earnings suffered as has been shown, bank stock prices in much of this seven-year period ruled well below book, making it difficult for them to raise new capital by means of subscription rights. They, therefore were obliged to continue their niggardly dividend policy in order to build up capital funds out of earnings sufficiently to meet the demands of industry for credit in the expanding economy. And, being highly conservative investments, the almost parsimonious dividends naturally did not help market action.

But the effect of the "higher" interest rates is being felt in earnings as time passes, and it is probable that this group of banks will in this second quarter, register operating earnings of the order of 10%, averaged, over the like period of 1955. As the months pass more low rate loans mature and have to be replaced at the slightly better rates now being maintained.

This is no time to become bearish on bank stocks, despite the vicissitudes the banks have had to contend with.

Rockford Secs. Dealers Elect New Officers

ROCKFORD, Ill. — The Rockford Securities Dealers Association has elected the following new officers:

S. A. Sandeen

President, Sigfred A. Sandeen, S. A. Sandeen & Co., Vice-President, John C. Ralston, Ralston Securities Co., Secretary-Treasurer, Paul E. Conrads, Conrads & Company.

The Association will hold its 7th annual "Fling-Ding" on Sept. 14 at the Rockford Country Club.

Also to be continued is the group's annual forum, which is addressed by a nationally known economist, and followed by a question and answer period.

With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert H. Hildenbrand has become associated with Hill Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange.

Grannis Now With Lester, Ryons & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Donald F. Grannis has become associated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. Mr. Grannis was previously Los Angeles representative for North American Securities Co.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Election of Henry F. Skelton and James T. Gill as Vice-Presidents of **The Hanover Bank of New York,** was announced on June 14. Mr. Skelton is with the bank's 41st Street office and will have charge of that branch at the end of the month. He joined The Hanover in 1926 and was named an Assistant Vice-President in 1950. Mr. Gill, associated with the bank's 34th Street office, joined The Hanover in 1932 and was appointed an Assistant Vice-President in 1954. He formerly was in charge of the New York City division of the credit department. Both he and Mr. Skelton are members of the N. Y. Credit and Financial Management Association.

* * *

Percy J. Ebbott, Vice-Chairman of the Board of Directors of **The Chase Manhattan Bank of New York,** will retire on July 31, after a career of 43 years with the bank and predecessor institutions. He will continue as a member of the bank's board of directors and will serve as Chairman of the Trust Advisory Board. He will have an office in the bank's main office building at 20 Pine Street. One of the most widely known New York bank executives in national and international business and banking circles, Mr. Ebbott had been President of The Chase National Bank from 1949 until the **Chase - Manhattan** merger last year. His banking career began in 1913, when he joined the staff of the **National Park Bank in New York.** After serving as a Captain in the Army Air Force from 1917 to 1919, he returned to the bank as an Assistant Vice-President.

He left National Park in 1923 to take the post of Vice-President of the **Seaboard National Bank,** and he became a Vice-President of **The Chase National Bank** in 1930, following mergers of **Seaboard** with the **Equitable Trust Company** in 1929 and **Equitable** with **Chase** in 1930. During the 1930s Mr. Ebbott played a leading part in the development of the use of "term loans" made by banks for corporate financing over periods of two to ten years. In 1935 he was appointed head of the bank's commercial and banking relationships in 13 states of the Midwest and Southwest. Mr. Ebbott was advanced to the post of Senior Vice-President in 1947, and in 1949 was named President of **Chase** and elected to the board of directors. Mr. Ebbott has served as Chairman of the Clearing House Committee of the New York Clearing House and as President of the Association of Reserve City Bankers. He also has been active in the American Bankers Association, the American Institute of Banking and the New York State Bankers Association.

* * *

Charles E. A. McCarthy, Jr., of the investment research division of **Bankers Trust Company of New York,** has been elected an Assistant Vice-President, it was announced on June 19 by S. Sloan Colt, Chairman of the Board. Simultaneously, Mr. Colt made known the appointment of Irving Friedman as Manager of the Graham Avenue (Brooklyn) office and the election of James P. Gallatin as an Assistant Treasurer and Henry W. Parker as an Assistant Credit Manager, both of the credit analysis and investigation group. Mr. McCarthy, who joined the staff in 1936, was elected an Assistant Treasurer in 1945. Mr. Friedman, who joined Bankers Trust Company through the merger with **Public National Bank** last year, began his banking career in 1930. Since 1932, he has been associated with the Brooklyn office. Mr. Gallatin joined the bank last year; Mr. Parker has been with the company since 1948.

* * *

Announcement is made of the opening by the **First National City Bank of New York,** of a branch on May 31, at 57 East McKinley Street, Mayaguez, Puerto Rico; also the opening on June 1 of a branch at 252 Avenida Ponce de Leon, Hato Rey, San Juan, Puerto Rico.

* * *

The appointment of Herbert W. Houston as an Assistant Secretary of **Manufacturers Trust Company of New York,** is announced by Horace C. Flanigan, President. Before joining Manufacturers Trust Company in 1941, Mr. Houston was affiliated with Brown Brothers Harriman & Company. He served four years with the U. S. Army, and returned to the bank after being discharged. In 1952 he was appointed an Assistant Division Head and a year later was advanced to a Division Head. At present, Mr. Houston is assigned to the bank's international banking department, 55 Broad Street.

* * *

Irving Trust Company of New York, announced on June 13 the appointment of Alpheus H. Albert, Assistant Vice-President, as head of its Empire State office. Mr. Albert, following experience as a Certified Public Accountant, has been associated with the office for a number of years.

* * *

George O. Nodyne, President of the **East River Savings Bank of New York,** on June 14 announced the election of Charles J. Mylod to the Board of Trustees. Mr. Mylod is President and a director of the Goelet Estate Co., 546 Fifth Avenue, New York. He was admitted to the Bar in 1929, and shortly thereafter was appointed counsel to the Liquidation Bureau in the insurance department. In 1933 he became Special Deputy Superintendent of Insurance, in charge of rehabilitation of the Lawyers Mortgage Corp., and Union Mortgage and Guaranty Co. Mr. Mylod became President and director of the Lawyers Mortgage Corp. in 1934 and resigned Jan. 1, 1936, to become associated with the office of the late Robert Walton Goelet, as General Manager. With the death of Mr. Goelet, Mr. Mylod became President and director of the Goelet Estate Co. Among his other associations Mr. Mylod is a member of the Advisory Board of the Chemical Corn Exchange Bank. On the Board of Trustees of the East River Savings Bank he will succeed the late Louis B. Altreuter.

* * *

Plans to increase the capital stock of the **Commercial State Bank & Trust Company of New York,** were approved on June 11 by the New York State Banking Department. Authority is granted to raise the amount of the capital from $2,062,050, consisting of 82,482 shares, par value of $25 per share, to $2,103,300, in 84,132 shares, par value of $25 per share.

* * *

An increase in the capital of the **Lafayette National Bank of Brooklyn, N. Y.** is announced as of June 6, the amount having been raised from $1,500,000 to $1,650,000 as a result of the sale of $150,000 of new stock.

* * *

Benjamin J. Conroy and James J. Wilson have been elected Trustees of the **Fulton Savings Bank of Brooklyn, N. Y.** according to an announcement by Paul W. Connelley, President of the bank. Mr. Conroy is associated with Blake & Conroy of New York, being a former partner, and is a director of Lasford Corp., Brooklyn, and The Uvalde (Texas) Television Cable Corp. Mr. Wilson is Secretary and Treasurer and a director of William W. Fitzhugh, Inc., of Brooklyn.

* * *

The New York State Banking Department on June 7 approved plans of the **Lafayette Bank & Trust Co. of Suffern, N. Y.** to increase its capital stock from $200,000, consisting of 4,000 shares of the par value of $50 per share, to $250,000, in 10,000 shares, par value of $25 per share.

* * *

Under a plan of merger, authorized on June 4 by the New York State Banking Department, the **National Bank of Phelps, at Phelps Ontario County, N. Y.,** was merged into the **Security Trust Company of Rochester, N. Y.** At the same time the Banking Department gave its approval to the Security Trust for a certificate of increase of capital stock from $5,352,350, consisting of 214,094 shares of the par value of $25 per share, to $5,437,350, consisting of 217,494 shares of the same par value.

* * *

The Rutherford Trust Company of Rutherford, N. J., is offering for subscription to stockholders 15,000 shares of capital stock (par $10) at $25 per share. The rights to subscribe will expire July 9. The company has a capital of $250,000.

* * *

Following the approval on June 7 by the stockholders of the **First National Bank of Springfield, N. J.,** for the purchase of its assets by the **National State Bank of Elizabeth, N. J.,** the Springfield bank was absorbed by the Elizabeth bank as of June 8, at which time it was placed in voluntary liquidation. The First National Bank of Springfield had common capital stock of $137,500, and its assets were reported in the "Newark Evening News" of May 21 at $6,765,125 at the year-end. The same paper indicated in its May 31 issue that the National State Bank of Elizabeth had offered $100 per share for the outstanding stock of the Springfield bank. Robert S. Bunnell was President of the **First** National of Springfield, which it is stated was organized in 1925.

* * *

An increase of $150,000 in the capital of the **Farmers & Merchants National Bank of Matawan, N. J.** by a stock dividend of the amount indicated has raised the bank's capital from $150,000 to $300,000 as of May 29.

* * *

William K. Paton, Chairman of the Board of the **Farmers Bank of The State of Delaware, at Dover** and Edward F. Matthews, Treasurer of the **Newark Trust Company, of Newark, Del.,** in a joint announcement June 19 stated that Farmers Bank has agreed to purchase the assets and assume the liabilities, including deposits, of Newark Trust. Consummation of the purchase is subject to approval of Newark Trust stockholders at a meeting to be held June 30, and and subject to approval by State and Federal regulatory authorities. As of Dec. 31, 1955, Farmers Bank had total resources of $7,422,932, and Newark Trust had total resources of $10,558,230. Farmers Bank was established in 1807 and holds the oldest bank charter in Delaware. It has head-

quarters in Dover, Del., and operates, it is stated, eight branches.

* * *

Three new Vice-Presidents have been named by the **Citizens & Southern National Bank in Atlanta, Ga.** Mills B. Lane, President,

Herbert J. Dickson

J. A. Hall, III

Arthur C. Ray

reports Herbert J. Dickson has been promoted from Assistant Vice-President to Vice-President, J. A. Hall, III, from Deputy Comptroller to Vice-President and Deputy Comptroller and Arthur C. Ray from Credit Auditor to Vice-President and Credit Auditor. Mr. Lane also announced the promotion of W. Ray Walker from Assistant Trust Officer to Assistant Comptroller and the naming of six new officers. The new officers include Edward A. George and T. J. Monroe, Jr., Assistant Trust Officers; Mrs. Irene McLendon, James H. Sheehan and Douglas A. Smith, Assistant Cashiers; and Omar Smith, Assistant Credit Auditor. Mr. Dickson has been with the Citizens & Southern National Bank since 1947. Mr. Hall joined the bank in 1935. He is Secretary of the Atlanta Conference, National Assn. of Bank Auditors and Comptrollers. Mr. Ray joined the bank in 1926.

* * *

Four new assistant cashiers were elected at **Harris Trust and Savings Bank of Chicago** on June 13. The new banking department officers promoted bythe board of directors are H. Charles Becker, Arthur W. Feltes, Theodore H. Harley and John S. Smith. Mr. Becker joined the Harris Bank in 1951. He is a member of one of the banks loaning divisions. Mr. Feltes is also a member of a loaning division, having joined the Harris Bank in 1950; Mr. Harley a 28 year veteran of the Harris, is currently manager of the bank's bookkeeping department. Mr. Smith joined the Harris Bank in 1937, and now serves in a loaning division.

* * *

Plans for the erection of a new building, some 25 stories in height, have been made known by the **First National Bank of Minneapolis.** It is announced that it will have at least 20 stories of office space, rising above a base unit of five stories which First National will utilize for its banking quarters. Finalizing of architectural details it is announced is now underway, after which contracts will be let. This means the bank states that actual construction probably can start the early part of 1957—coincident with observance of First National's 100th anniversary.

Magnitude of the project is indicated by the fact it will occupy much of the entire block bounded by Fifth and Sixth Sts., Second Ave. S. and Marquette, in which area only the Rand Tower, Thorpe Building and First National-Soo Line Building will remain. The rest of the property will be utilized for the new project. The 10-story New York Life Building, at southwest Fifth St. and Second Ave., will be razed to provide a distinctive "plaza" at the north entrance of the new building. Main entrances to the building will be on the Fifth and Sixth St. sides. There will be a street-level entrance also on Marquette, with an arcade direct to the bank. Thus the building will be completely integrated into the entire block, with convenient access from all four streets and from the First National-Soo Line Building. Street-level banking is the keynote of the plan, it is stated and upwards of 90% of First National's customers will be able to transact their deposit, new account business etc. in the new main banking lobby immediately inside the entrances. On the second floor will be executive and commercial loan offices, while the third through fifth floors will be occupied by the Trust department, operating departments of the bank, and staff facilities. Actual construction of the new building is expected to start next spring. It is added that First National will be able to continue in its present quarters until its new home is ready, probably early in 1959. First National it is noted had a leading role in the organization of **First Bank Stock Corporation** in 1929 and today is the largest of its affiliates. The Corporation has 84 bank affiliates with a total of 90 offices situated in 73 communities in Minnesota, Wisconsin, the Dakotas and Montana. Their deposits total in excess of $1,300,000,000.

* * *

Robert Brookings Smith has been named a member of the Advisory Board of the **Mercantile Trust Company of St. Louis,** according to the St. Louis "Globe Democrat" of May 27, which notes that Mr. Smith is a partner in the brokerage firm of Smith-Moore & Co. of St. Louis. It is also noted in the paper indicated that Mr. Smith served as a special consultant to Kenton Cravens, President of the bank, when the latter was Reconstruction Finance Administrator during the early days of the Eisenhower Administration.

* * *

Ernest G. Williams for 8 years Treasurer of the **University of Alabama,** is leaving the University next month to take an executive position with the **First National Bank of Tuskaloosa, Ala.** Frank Moody, President of the First National Bank, said that Mr. Williams will take up duties as Vice-President and Director of the bank, effective July 16. Mr. Williams' duties will be primarily in the investment field in which it is stated he has had much experience; also he will be active as a commercial lending officer. A member of the Tuscaloosa community since 1920, Mr. Williams is a native of Macon, Miss.

Continued from first page

As We See It

are expressed in terms of percentage change. Thus, if output in the above case rises from ten to fifteen tons without any change in the number of man-hours, productivity is said to have increased 50%.

Now the fact seems to be well established that in most industries, perhaps in nearly all industries, productivity, or output per man-hour has risen during the past decade by a very appreciable amount. It has, as a matter of fact risen substantially during the past half decade. But, why? Is it because these wage earners, whose output has been moving up, have applied themselves with more assiduity? Have they developed more skill? Have they organized themselves in such a way that the totality of their production has risen? Have their unions been concerning themselves with the matter of production and brought pressure upon individuals to work for larger output per hour of work? The claims of the union's leaders, and more specifically, the claim now put forward by the steel union seems to imply an affirmative answer to some or all of these questions.

No Evidence

Yet so far as we can observe there is not a scintilla of evidence to support any such claim or conclusion. The unions, generally speaking, have been much inclined to establish rules and restrictions which tend to curtail rather than increase the output of the men per hour of work, and for the most part union officials have disavowed any interest or responsibility for the results of the labors of their members—and have regularly raised a fuss if management took any steps which could be construed as a "speed-up," obliging men to apply themselves more rigorously. It seems to us quite obvious that the cause of higher output has to be sought elsewhere. Indeed, we can not recall any claim seriously made that the efforts of the wage earners themselves had any important part in improving output in most industries.

The fact of the matter is that it would be strange, and certainly distressing not to say alarming, if the output of labor per man-hour had not been rising of late years considering the millions, nay billions, that have been expended in increasing and improving the tools and equipment with which men produced goods and services in these days and times. Something that is now called automation, but which appears to be nothing more or less than a continued development of mass production techniques long known and practiced in this country — further development for the most part made possible by the perfection of electronic techniques, and by various scientific discoveries and the broadened knowledge of basic science—is responsible for the enlarged productivity. By what process of reasoning labor claims the right to higher wages for achievements in science, mechanics and general management—in which they have had no interest and no part—is a mystery only a little less strange than the general acceptance of this claim by the great rank and file.

Why Better Productivity

If there is any doubt in the minds of the reader as to the basic causes of the high rate of productivity in this country, let him ask himself a few pointed questions. What would happen to productivity in the steel industry, or any other industry for that matter, if the ordinary telephone were made magically to disappear from the face of the earth? Suppose electric power were not available almost anywhere and everywhere in American industry; what would the output per man-hour now be in this country? Where would we be if the internal combustion engine and suitable fuels had not been brought to such perfection? And, how much did the wage earner have to do with any of these achievements?

A similar line of questioning could be profitably employed with reference to that method of organizing human endeavor ordinarily known as mass production? Henry Ford, the elder Rockefeller, Carnegie and a dozen others of like sort are more responsible for the high productivity of labor in this country than all the wage earners combined! And what of that host of managers and industrial strategists that have followed these elder giants? And, of course, all these improvements, not to say industrial revolutions, have cost huge amounts of money. What of the hordes of investors, large and small, whose savings supplied the wherewithal for the improvement and advances which made it possible for the output of the wage earner to rise as it has done through the decades and as it is still doing?

Competition, severe ruthless competition, steadfastly limits the rewards of such men and such investments. The politicians in their wisdom, for the most part kowtowing to organized wage earners who represent mass voting power at election time, have seen to it that similar competition shall not bear upon wage earners who combine and conspire to do things that no one else in the nation—the farmers excepted — are permitted under the law to do. And so it happens that the steel union can with perfect lawfulness and apparently without losing face with the rank and file lay claim to what others have done—not only lay claim to it but defend their claim by acts which no one else is permitted to perform.

Oh! Productivity, what crimes are committed in thy name!

Continued from first page

German Chemical Imports —Are They a Threat?

to your own national economy.

Historically speaking, Germany, too, has played an important role in chemical science and industry. We have contributed much—as most of you know — to man's knowledge in the field of chemistry. I recognize, however, that our industry is no longer as significant as it once was.

I am perhaps indulging your patience when I try to tell you about the chemical situation in Germany. I know how well informed you are. But there are certain things that can best be explained face to face, without formality and with complete frankness.

Both of us, Americans and Germans alike, are rapidly becoming specialists. A specialist can be defined as someone who constantly gets to know more and more about less and less. And as specialists, we are not always able to keep abreast of the whole picture, particularly in countries other than our own. Our visits abroad are simply too short.

Therefore, I shall ask you to lean back and relax and try to forget your own problems and troubles while I tell you some of ours.

I am not a salesman. I have no goods to sell. No one is more aware than I of the tremendous burdens being borne by your country. I refer to the awesome responsibility which the United States bears in the world today as far as leadership of the West is concerned. This, however, is precisely the reason why I wish to contribute to your already wide understanding of Germany and Europe. Perhaps I can even succeed in clearing up some misunderstandings that arise when European affairs are considered solely from the American viewpoint.

European Integration

First of all, we in Germany feel that the economic integration of Europe should be promoted by every possible means. We welcome the efforts of the OEEC—the Organization for European Economic Cooperation — which was founded on American initiative in Paris and eventually led to the creation of the European Payments Union. We welcome the Coal and Steel Community which, as a supranational authority, combines the resources of Belgium, France, Germany, Italy, Luxembourg and the Netherlands in the mining and steel industries and which we consider to be a first step towards European integration.

We also welcome the efforts which these same six countries are making towards building up a common European market. So I speak to you not only as a German and a chemical manufacturer, but as a European. We hope through these efforts of integration that Western Europe will become strong enough politically and economically, so that together with America, we can defend successfully the ideals of the Western world.

To gauge our policies for this overall aim, we should know our own productive strength. Where, for instance, are the centers of world chemical production? How much do they produce? This is not easy to establish. Statistical records are far from complete, largely because we do not as yet have an internationally-recognized definition of the term, "Chemical Industry."

Production Statistics

Nevertheless, by careful estimates we hope we have succeeded in ascertaining the distribution of chemical production throughout the world. In 1954, North America produced 45% and Western Europe 30% of world production. Eastern Europe, including Russia, provided 17%. All other countries together produced no more than 8%.

The North American share of 45% refers to two countries only: the United States with 43% and Canada with 2%. In Western Europe, however, more than a dozen countries represent the European share of 30%. Four of these account for roughly two-thirds: Great Britain, 7%; Western Germany, 6%; France, 4%, and Italy, 2½%.

Let us compare today's chemical production figures in Germany with those of 1938, the last prewar year. The German Reich at that time had 22% of world chemical production against West Germany's 6% of today. The statement that Germany has regained its prewar position is, therefore, unfounded. And yet such allegations do appear frequently in the press. I am aware that most of these assertions are not made in bad faith, but are often due to misunderstandings that arise because the German economy is compared with the economies of other countries at the end of the war when we were at rock bottom level.

Our postwar recovery program began late — in 1949. Not until that year did currency reform and the establishment of our Federal Republic make it possible to reconstruct our destroyed factories. Germany has indeed improved since then. But our recovery has hardly been miraculous!

The OEEC nowadays bases its comparative production indices on the year 1938. This index provides a true picture of production growth in Europe and the world.

The new OEEC figures show that West German chemical production has barely doubled since prewar days. In England, Italy and Norway, production is three times that of prewar. And in your own country chemical production has risen 400%.

For half a century, from 1890 to 1940, Germany played a very important part in the chemical world. In 1938, with 22% of world production, it still ranked second to the U. S. which at that time accounted for 29%. Today, however, American production is more than seven times as great as West Germany's!

So much for world chemical production. Now let us see what has happened to foreign trade in the chemical field.

Foreign Trade Data

I think what I am going to tell you about German-American trade in chemicals will surprise quite a number of you. During each of the past two years you sold us more chemical goods than we exported to you.

Official German statistics show that in 1953 you supplied us with $22 million worth of chemical products, especially basic chemicals, plastic materials, chemical fibres and pharmaceuticals. In 1954, the figure rose to $44 million and in 1955 to $65 million. Your share of German chemical purchases last year amounted to no less than 23% of our total imports.

On the other hand, our shipments to you in 1955 barely reached the volume of 1953—about $45 million. Consequently, in 1955 the American chemical industry sold us $20 million dollars more than we supplied you—whilst in 1953 it was the other way round.

I cannot conceive how anyone could possibly contend that your domestic market is being threatened by Germany's chemical exports — since they are less than 0.2% of American chemical production.

But even if our chemical exports to you have declined since 1953, German - American trade as a whole is increasing year by year. According to our government's statistics it grew from $515 million in 1950 to $1,145 million in 1955. During these six years we bought over twice as much from you as you bought from us! We shipped goods worth $1.5 billion to you and imported from the U. S. $3.3 billion. In 1955 alone, our imports from the U. S. totaled $762 million, the highest figure achieved so far by your exporters.

Our large imports from your country are not simply a result of the general economic trend. They are actually part of our economic policy. Our government encourages buying from your manufacturers by constantly increasing liberalization of German imports from the dollar area.

As for chemical trade with the rest of the American hemisphere, here are the facts:

In 1954, while we supplied $17 million worth of chemical products to Central American countries, the U. S. sold them $200 million worth. To South America we exported $60 million, the U. S. over $220 million.

In Canada, we have hardly managed even to gain a foothold. Canada bought $4 million worth of chemical products from us, while the U. S. supplied over $210 million worth. U. S. exports to Canada alone are just about the equal of the total chemical exports from Western Germany to all countries overseas. As a whole, I think, Germany's showing in chemical trade is not spectacular compared with prewar times.

In 1938, of all chemical goods traded in the international market, Germany's share was 24%, Great Britain's, 16%, and the U. S., only 15%. At that time, in 1938, the area now comprising Western Germany had 18% and the now separated Eastern parts 6%. During and after the war until 1949, Germany was almost entirely barred from international trade. Naturally, this caused a gap in chemical supplies which

gave other countries a temporary advantage.

Imports and Labor Costs

So let me go on a bit further. An American trade journal published an article in February under the heading, "Chemical Imports—Are They A Threat?" This article refutes effectively the argument that the German chemical industry is indulging in so-called "wage dumping"— an accusation that has been made over and over again during the past years.

"Labor costs in other countries," this magazine says, "are difficult to compare when using only wage rates as a factor. Actual wage rates do not indicate the labor costs per unit of production."

How true this statement is! An examination of the record shows that labor costs of German chemical production are about the same as for your chemical industry. Here are some of the reasons why:

We have six more paid State and Church holidays than your country has and generally six more paid vacation days. Further paid workless days are going into effect because the large German chemical companies are about to introduce the five-day week.

As a matter of fact, my own company, Farbwerke Hoechst, has already done this last October. Furthermore, in order to make up to some extent for the reduction in workers' pay checks, a major portion of the lost hours is being paid for by the employers. This means the equivalent of another 10 to 15 paid working days per year which are, in reality, holidays. In effect, we pay for some 25 workless days more than the American employer does.

Furthermore, to the average hourly wage of 75 cents paid by big German Companies, you must add the high costs of our social services. The bill for these are at least 25 cents an hour. So we arrive at a wage of at least $1 per hour.

But still another factor has to be considered. When you compare the number of workers in the big German chemical factories and the value of their labor and production with similar big firms in the U. S. you make an astonishing discovery: In your industry, the production rate per work is 2 to 2½ times greater than ours.

Now you can see why we think that our labor costs are about equal to yours. So far, I have hardly mentioned one of the major complications of our present situation. This is the vast change that has occurred in our population and in our industrial position due to the division of Germany into several parts.

Division of Germany

The whole of Europe—as you know—is cut in two by the Iron Curtain. This line passes right through the heart of Germany. One side of Germany belongs to the Eastern world and the other to the Western world.

It is as if America were severed in half, at a line along the Mississippi River, with one half being completely cut off from the rest. In Germany, the areas now under Russian and Polish administration account for 25% of the former territory of the German Reich. These are the Eastern territories of Germany. The remainder—Central and Western Germany—is again split into two parts—one, the Soviet-occupied zone and the other, the sovereign Federal Republic of West Germany. The Soviet Zone which is often erroneously called Eastern Germany is in reality Central Germany and accounts for another 25% of pre-war Germany.

Our West Germany of today holds only half of the area of pre-Hitler Germany but three-quarters of its population. In consequence, partition of Germany has brought with it many problems—political, economic and social — that defy solution. One of the most pressing of these problems is the integration of some 12 million refugees from German territories in the East.

It is our task to see that these people, who have lost all their possessions and their livelihood, are provided for. This is a very difficult undertaking since the Eastern territories of the former German Reich supplied the bulk of our agricultural products. As a result, we are compelled to import one-third of all the foodstuffs we consume today. Another example of this change in our trade pattern is that we are forced today to import some 15 million tons of coal per year.

You may well ask—how do we do all this?

Must Export to Import

Well, we can—if. That is, we can maintain this enormous volume of imports only if we succeed in keeping up our exports.

The loss of the Soviet-occupied zone of Germany has had a very great impact industrially on us and the world at large. Take chemicals alone! In 1943 the area which now comprises the Soviet zone produced 30% of Germany's sulphuric acid, 43% of its soda ash, 38% of its caustic soda and chlorine, 40% of its carbide, 60% of its synthetic rubber, 88% of its methanol and 64% of its potash.

Looking at this splitting-up of Germany in 1945, it is remarkable that West Germany did recover at all in chemicals.

After the war, the prospects for our chemical industry looked hopeless. The pre-war chemical production in Eastern, Central and Western Germany was organized on the principle of vertical integration. Chemical plants were located wherever conditions offered the best chances for efficiency and return of capital. At the end of the war we discovered that our chemical industry was just as much split up as Germany itself.

In order to survive we had to place our factories on an entirely new footing. Large plants for many basic chemicals and nitrogen products which we had formerly obtained from Central and East German factories had to be newly erected in West Germany. Fortunately our centers of research and science had remained in West Germany.

It was at this point that the United States stepped in. The Marshall Plan helped enormously in the reconstruction of our West German industry. It provided the initial impulse for the revival of our economy, and I can only repeat our profound gratitude for this great help at the right hour.

The Marshall Plan's great significance for us is plain to see. Our plants and equipment had suffered terribly from the war. While inflation raged, our country

Continued on page 38

Continued from page 37

German Chemical Imports —Are They a Threat?

lost all investment capital and liquid funds. The dollars flowing into our economy through the Marshall Plan were of paramount value at this critical hour.

The plants in the East were nearly as incapable of survival as ours after the war. The chemical industry there had to adjust itself too to the new conditions. The results of these efforts are now becoming visible. From this Soviet-occupied East and Central German industrial area, considerable quantities of chemicals, plastics, fertilizers, etc., are appearing on the world market.

Chemicals Under Russian Control

Large-scale, up-to-date chemical plants in Central and Eastern Germany are now located within the Russian sphere of influence and so they are part of the Eastern bloc. For over 10 years, the Russians have been able to exploit the industrial potential of Central and Eastern Germany and the efficiency and capacity of the 18 million Germans living in the Soviet Zone.

The rapid progress made by the chemical industry of Russia, Poland and Communist China during the past few years, especially in organic chemistry, is due in large part of the creative effort and technical experience of East German firms and experts.

And here we touch upon one of the most far-reaching consequences to world economy through the division of Germany. Germany's split-up promotes and aids unscrupulous competition from the East.

Since this trade drive from the East is based essentially on political considerations rather than economic ones, it is not unusual for the market to be upset by political dumping deals, especially in the so-called underdeveloped countries. It seems that shipments of this sort have also reached this country. Since these transactions have frequently been carried out in transit through third countries, it has happened occasionally that West German firms have been accused wrongly of indulging in such practices.

Russian Political Dumping

I am afraid that in future we can expect quite a number of such unpleasant surprises. Some may even result in serious disturbances I should like to take this opportunity to ask that if you ever hear of any dumping in which Germany is involved—please differentiate carefully between the Federal Republic of West Germany and the Soviet-occupied zone.

Even though we have succeeded in overcoming the more serious difficulties resulting from Germany's partition, a really successful solution will only be possible when Germany is reunited.

Well, after this somewhat gloomy picture, I am sure you will understand why America appears to be a "land of milk and honey" to me. Especially in the chemical field. Everything here is so beautifully planned and organized! An inexhaustible raw material basis is at your command. Riches in coal, mineral salt, potash, phosphates, sulphur, ores and especially in oil and natural gas. You can base your production on one raw material or the other, whichever you prefer. And, you have all the means to exploit these raw materials chemically—enterprise, know-how and capital.

Moreover, the capital you have invested in the past 10 years on expansion of your production seems to us Europeans almost breathtaking: $15 billion in 10 years! Through this expansion, America has placed itself in a dominant position.

At one time, most revolutionary discoveries in chemical industry originated in Germany. Today, your country has surpassed us by far. There is a great deal for us to learn from you, particularly in the field of application. Today, we produce many chemicals in Germany under American licenses and we have been pleased to see that American companies, like chemical manufacturers in other countries, are again adopting some of our German processes. We look upon this give-and-take as a road to lasting cooperation between the chemical industries of our two countries.

European Atomic Energy Cooperation

Another field in which the closest possible cooperation is desirable is atomic energy. I mean, of course, its use for peaceful purposes. Besides my own business interests and my activity in the Association of German Chemical Industries, I am a member of the newly-formed German Government's Atomic Energy Commission. European cooperation in the use of atomic energy within Euratom or UNO or OEEC would be very desirable to us as long as private enterprise is given sufficient leeway. We wish to see the peaceful use of atomic energy entrusted to private enterprise. We do not mind if it is under strict national and supra-national governmental supervision, provided such supervision is not tantamount to state monopoly.

It may be that peaceful use of atomic energy will lead us towards a better future, and international cooperation in this field will be of extreme importance. But genuine cooperation is also needed in all other economic fields if the West is to prevail in the struggle now being waged for the future of the world.

All of us are witnessing an unprecedented phenomenon in our time. And we are experiencing it with both joy and apprehension. I am referring to the phenomenon of mankind groping its way towards unity and integration.

We are becoming more and more conscious that future world history and development can be conceived only in terms of a single pattern for the entire globe.

The political and technical evolution of the past few years has made it clear to each of us, that all essential national problems are in reality world problems — that nothing of importance can happen anywhere in the world that does not touch everyone of us in some way. There no longer exists any such thing as "splendid isolation" nor are there nations or groups who can continue to live "outside" the world community.

The technical revolution—or, so to speak, man's alliance with the machine which first started in Europe and was brought to perfection in your country—has fundamentally changed the image of the world and our concept of social life and work.

The world—whether it likes it or not—has been turned into a single unit. We may, I suppose, assume that all human beings have one common objective — "peace, welfare and progress"—but to this day they have not been able to agree among themselves on a common road towards this end.

The irony is that precisely this search for a road to peace has led mankind into the terrible wars and economic troubles that we have experienced during this century.

Two Different Systems

In this competition for prosperity and progress, two systems have succeeded in imposing themselves on the world. Both hope to achieve the common objective along radically different roads: one by the road of individual freedom and the other through totalitarianism—two diametrically-opposed conceptions of man and his nature and vocation.

The difference between these two conceptions becomes cruelly apparent in comparing the life in East and West Germany. We in the West know that our fellow-countrymen living under the dictatorship of the East have but one desire—to be reunited with the free West. The world still remembers the deprivations and hardships which the population of the free zones of Berlin accepted in order to escape the police state parked right on their doorstep. In their valiant efforts to keep the Russian wolf at arm's length, the people of Berlin were helped decisively by the splendid airlift so quickly and efficiently organized by your country.

We chemical men can see from an analysis of our own industry's development how strong and superior the free Western system is. The history of chemical science and of chemical trade and industry would have been very different without its atmosphere of freedom for research and business initiative.

Creative individuality has been responsible in the past for all the great discoveries and it is also the source of their practical realization into instruments of a better life for all of us.

Now we are engaged in a struggle to hand down this heritage—not only to our own children who have grown up under it—but to the millions in Asia and Africa who are just now entering this stage of industrial development.

We must set an example for them to follow—show them that the way of individual freedom with its attending responsibilities is their best road to industrialization and better life.

Forgive me if I have touched upon subjects which may seem far distant from White Sulphur Springs. But, in a sense, they are closer to us and our survival than we think. Perhaps my note of urgency is all the greater because I have just come from the battleground. Germany split in two is the most glaring symptom of the political conflict of our time.

I hope I have not taken too much of your time—but I thought it necessary to present some of the problems of our chemical industry in West Germany—and how we are trying to solve these problems in order to keep free enterprise alive and effective—just as you in America are doing so successfully.

Joins FIF

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Mark W. Kosterman has joined the staff of FIF Management Corporation. He was formerly with Cantor, Fitzgerald & Co., Inc., and J. A. Hogle & Co.

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Cal.—Brenton W. Lowe has been added to the staff of Shearson, Hammill & Co., 520 South Grand Avenue.

Joins Knowlton Staff

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Fred Maggiora has joined the staff of Frank Knowlton & Co., Bank of America Building.

With La Montagne & Co.

(Special to THE FINANCIAL CHRONICLE)

PALO ALTO, Cal.—Mrs. Laura Conn has been added to the staff of La Montagne & Co., 71 Building D, Stanford Shopping Center.

Continued from page 4

The State of Trade and Industry

room traffic is pulling the props out from under the industry's record dealer inventory.

Counted by "Ward's" the past week were 102,544 car and 22,035 truck completions in U. S. plants compared with 105,074 and 21,480 last week. In the same week a year ago output totaled 139,743 cars and 25,694 trucks.

Behind last week's assembly fall-off was labor trouble at Chrysler Corp. plants in Detroit. Holding steady, with 55,000 and 31,000 cars scheduled, were General Motors Corp. and Ford Motor Company.

Elsewhere, the reporting service noted a scheduled shutdown in American Motors Corp. Rambler output next week, following a similar curtailment earlier this month (June 4-9) due to inventory adjustment.

Considering present trends, "Ward's" stated the auto industry is pointing towards a near record 3,155,000 new car sales for January-June, nearly equallying expected production of 3,200,000 units.

However, whereas sales ran 10% behind output in January-March they are trending 9% above output in April-June, indicating the seriousness of the industry's inventory reduction program.

Such operations, in effect, pinpoint the pattern of the industry's operations for the entire third quarter, it further noted.

Steel Production Expected to Reach 95.7% of Capacity This Week

A last minute rush to get steel deliveries by the end of June was reported by "Steel" magazine on Monday of this week.

The metalworking publication said buyers were stepping up efforts last week to get shipments already promised them. Orders still could be placed for nearby delivery on some of the lesser items, such as some wire products and cold-finished bars.

It said there was little chance of getting in more of the major tonnage items, even though steelmaking operations last week were up one-half-percentage point to 97% of the national ingot capacity. This is the first change in the production rate in about a month.

Steel companies are co-operating with consumers to balance inventories as far as possible, the magazine declared.

Promise of higher prices in the second half, as well as possible interruption in the flow of steel, is motivating steel users' efforts to get deliveries in. Trade talk has it that prices are due to go up in a range of $8 to $15 per ton, depending on the product.

"Steel" said that in spite of an anticipated softening of third quarter business, factories are expected to be holding over-all employment fairly even throughout the quarter.

It pointed out that the economy looks for record employment by the nation's labor force this summer. Addition of high school and college students in summer work is expected to raise the labor force to a new peak of 69,000,000 in August. Their earnings may help soften the inevitable third quarter cutback in the economy.

The record employment, however, will result in a uptrend in unemployment which is counter to the normal seasonal pattern. The figure should top three million for the first time since March, 1955. Vacations will cut in. Some of the cutbacks will be in layoffs. But, the biggest part will come in shorter hours.

Steel mills likely will cut back gradually in the third quarter to about 85% of capacity, reducing hours and employment along the way.

Steel prices currently are holding steady. "Steel's" composite on finished products is unchanged at $128.98 a net ton. Its price composite on steelmaking grades of scrap dropped to $46 a gross ton, a decrease of 17 cents from the previous week.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at the average of 95.7% of capacity for the week beginning June 18, 1956, equivalent to 2,355.000 tons of ingot and steel for castings as compared with 93.4% of capacity, and 2,299,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 97.3% and production 2,396,000 tons. A year ago the actual weekly production was placed at 2,292,000 tons or 95.0%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Made Fresh Gains the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 16, 1956, was estimated at 11,425,000,000 kwh., a further increase above the week ended June 9, 1956, according to the Edison Electric Institute.

The week's output rose 474,000,000 kwh. above that of the previous week. It increased 1,438 000.000 kwh. or 14.4% above the comparable 1955 week and 2,575,000,000 kwh. over the like week in 1954.

Car Loading Rise 9.4% Above Preceding Holiday Week

Loadings of revenue freight for the week ended June 9, 1956, increased 67,866 cars or 9.4% above the preceding holiday week the Association of American Railroads reports.

Loadings for the week ended June 9, 1956, totaled 787,075 cars, an increase of 5,137 cars or 0.7% above the corresponding 1955 week, and an increase of 89,492 cars, or 12.8% above the corresponding week in 1954.

U. S. Automotive Output Receded Somewhat in the Latest Week

Automotive output for the latest week ended June 15, 1956, according to "Ward's Automotive Reports," registered a mild contraction in cars but a slightly higher level in the number of trucks produced.

Last week the industry assembled an estimated 102,544 cars, compared with 105,074 (revised) in the previous week. The past week's production total of cars and trucks amounted to 124,579

units, a decrease of 1,975 units below the preceding week's output, states "Ward's."

Last week's car output declined below that of the previous week by 2,530 cars, while truck output rose the past week by 555 vehicles. In the corresponding week last year 139,743 cars and 25,694 trucks were assembled.

Last week the agency reported there were 22,035 trucks made in the United States. This compared with 21,480 in the previous week and 25,694 a year ago.

Canadian output last week was placed at 10,404 cars and 2,491 trucks. In the previous week Dominion plants built 10,289 cars and 2,412 trucks, and for the comparable 1955 week, 10,618 cars and 2,420 trucks.

Business Failures Continued Higher Trend

Commercial and industrial failures increased to 286 in the week ended June 14 from 257 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level in 13 weeks, the toll exceeded considerably the 214 last year and the 207 in the similar week of 1954. Failures were 15% more numerous than in the comparable week of pre-war 1939 when 249 occurred.

Liabilities of $5,000 or more were involved in 243 of the week's failures as against 220 a week ago and 175 last year. The toll among small failures, those with liabilities under $5,000, rose to 43 from 37 of last week and the 39 in 1955. Twenty-five of the failing businesses had liabilities in excess of $100,000 as compared with 16 in the preceding week.

The increase during the week centered in manufacturing, where failures increased up to 55 from 45, in wholesaling, up to 35 from 21, and in construction, up to 41 from 30. However, the toll among retailers dipped to 134 from 137 and among commercial services to 21 from 24. More concerns failed than a year ago in all lines; the sharpest yearly rise occurred in wholesaling where casualties were twice the 1955 total.

Five of the nine major geographic regions accounted for the week's rise, with the Middle Atlantic States reporting an increase to 92 from 80, the Pacific States to 78 from 58 and New England to 15 from 10. Slight dips occurred in the four other areas, including the East North Central States where the toll was down to 40 from 45. All except two regions, the New England and Mountain States, reported higher failures than last year.

Wholesale Food Price Index Dipped From Year's High Point the Past Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., turned downward last week from the year's high point touched the week before. The June 12 figure fell to $6.14, from $6.18 last week. It compared with $6.51 at this time a year ago, a drop of 5.7%.

Higher in wholesale cost the past week were wheat, corn, rye, oats, lard, sugar and coffee. Lower were flour, barley, raisins, prunes, steers, hogs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Continued Narrow Movements of Preceding Weeks

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued to move in a narrow range the past week and closed at 288.17 on June 12. This was down slightly from 288.74 a week earlier and compared with 273.45 on the corresponding date a year ago.

Grain markets generally displayed considerable strength, with wheat, corn and rye registering sizable advances for the period.

The uptrend was sparked by a private report, issued early in the week, which estimated Winter wheat production at 663,500,000 bushels, about 18,000,000 bushels lower than the Government estimate of a month ago.

The Official June 1 forecast, issued on June 11, placed the Winter wheat yield at 670,375,000 bushels and the total wheat production at 922,672,000 bushels. This, if achieved, would be 2% below last year's 938,159,000 bushels and 20% less than the 10-year average of 1,146,547,000. Corn prices edged higher with light receipts a supporting factor. Purchases of grain and soybean futures on the Chicago Board of Trade averaged 51,300,000 bushels per day, compared with 63,200,000 the previous week and 35,000,000 a year ago.

Some expansion in bookings of Spring wheat flour occurred early in the week as mills furnished protection against price advances. Domestic demand for other types of flour remained slow with only scattered small lots booked by bakers and jobbers in need of early replacements. The domestic raw sugar markets showed further strength as refiners ordered larger quantities to meet expanding Summer demand.

The green coffee market continued strong, reflecting increasing confidence that the Brazilian policy to stabilize the market will be maintained.

With the approach of warmer weather, cocoa prices were fairly well maintained in relatively light trading. Warehouse stocks of cocoa showed a slight decline to 369,943 bags from 372,275 a week earlier and compared with 237,912 bags held at this time last year. Lard developed a somewhat firmer undertone following recent declines. Livestock prices generally finished slightly lower for the week. Hog receipts in western markets continued well above a year ago.

In comparatively light trading, spot cotton prices fluctuated within a very narrow range throughout the week.

Trends were indefinite, reflecting a general lack of new incentives and of speculative interest.

Trading in spot markets was restricted by a scarcity of offerings of qualities in best demand. Total purchases for the week were reported at 47,000 bales, against 48,700 the previous week and 60,000 in the corresponding week a year ago. Announcement around mid-week that the CCC would open bids under the surplus disposal program on June 12 instead of June 19, as previously stated, had little effect marketwise. CCC loan repayments reported in the week ended June 1 totaled 32,500 bales, against 50,100 in the preceding week. Weather and crop news remained satisfactory and cultivation and chopping made good progress.

Trade Volume Rose Moderately the Past Week and Exceeded Like Period a Year Ago

Retailers reported a moderate rise in consumer spending the past week, and the total dollar volume noticeably exceeded that of the similar period last year. Shoppers considerably increased their purchases of Summer apparel, air conditioners and outdoor tables, and chairs.

Although sales in new and used automobiles expanded somewhat, they were below those of a year ago.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 5 to 9% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England +7 to +11; East +8 to +12; South +3 to +7; Middle West and Southwest +4 to +8; Northwest +5 to +9 and Pacific Coast —1 to +3%.

Consumer response to extensive Father's Day sales promotions boosted the dollar volume in men's wearing apparel and accessories. Department stores reported increased sales in women's wear of all kinds.

There was an increased call for air conditioners last week, and volume was moderately ahead of that of a year ago.

An upsurge in the buying of portable radios occurred with purchases of television sets sustained at the level of the previous week. However, a slight decline in interest in major appliances, lamps and lighting fixtures was reported. While sales in outdoor metal furniture expanded considerably, volume in upholstered chairs, bedding, and occasional tables declined slightly.

Housewives stepped up their purchases of canned citrus juices, canned fish and frozen foods the past week. The buying of cold cuts, beef and poultry expanded substantially, but volume in pork and lamb was somewhat reduced.

Buying activity was sustained at a high level and the total dollar volume of wholesale orders remained somewhat above that of a year ago.

Volume increases in apparel and furniture were offset by decreased purchasing of textiles, appliances and some food products.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended June 9, 1956, increased 9% above those of the like period last year. In the preceding week, June 2, 1956, an increase of 7% was reported. For the four weeks ended June 9, 1956 an increase of 6% was reported. For the period Jan. 1, 1956 to June 9, 1956, a gain of 3% was registered above that of 1955.

Retail trade volume in New York City the past week according to trade observers, rose only 4% ahead of the 1955 level.

It was reported that the subway tie-up on Thursday, coupled with the uncertainty as to whether or not the trains would be operating on Friday, served to curtail sales by about 5%.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 9, 1956, registered an increase of 11% above those of the like period last year. In the preceding week, June 2, 1956, an increase of 6% was recorded. For the four weeks ending June 9, 1956, a gain of 5% was recorded. For the period Jan. 1, 1956 to June 9, 1956 the index recorded a rise of 3% above that of the corresponding period in 1955.

New York State Bankers Association Sponsors New Executive School

First banking school of its kind to aid executive development. Enrollment limited to member bank's chief executive officer or principal alternate. Columbia University will cooperate in this unique program.

SPRING LAKE, N. J. — As a result of action taken the day before by the Council of Administration in authorizing an advanced executive development school to be held under the auspices of Columbia University, in collaboration with the management consulting firm of Richardson, Bellows, Henry & Company, William F. Ploch, outgoing President of the New York State Bankers Association, and an official of the Franklin National Bank, stated on June 15 as follows:

"I have a special announcement to make. An announcement which I believe is of great significance to all member banks regardless of size, location or kind of business engaged in, for I believe it offers a solution to one of management's most pressing problems. At the Mid-Winter Meeting I mentioned that our Executive Vice-President, Al Muench, and his staff have been studying the problem of executive development with the advice and counsel of leading bank and executive management specialists. For the better part of the year they have been studying what is being done by other industries and what is available academically and what has been done by banking in the field of executive development. The Association on several occasions came up with what it thought was a solution. When subjected to the severest critical analysis, these solutions did not meet the requirements outlined by Al Muench and Bill Green and others concerned with the problem. Very recently, however, as a result of persistent and diligent effort, a solution of the problem has been found and it gives me great pleasure to say that at a meeting of the Council of Administration held on these premises only yesterday your officers were authorized to establish The Bankers Institute for Advanced Management for The Study of Critical Executive Problems."

Mr. Ploch pointed out that, "the Institute will be sponsored by the Association's Educational Foundation and will be under the auspices of the Institute of Arts and Sciences at Columbia University in collaboration with the firm of Richardson, Bellows, Henry & Company, management consultants specializing in problems of personnel and human relations.

"The Institute will be a week-long 'brainstorming conference.' It will be designed to unleash the full creative power of executives, to develop executive abilities and skills, to strengthen management conception, and to teach the techniques of highly successful executive performance.

"The Institute will deal with successful fundamentals of intelligent business management, participants will learn how to get ideas, how to keep them flowing and how to put them across. They will learn too that an executive's job is to reach goals through other people.

"In the Institute's prospectus, some of the purposes are listed as:

"To widen individual horizons and to clarify personal as well as company goals and objectives.

"To review the fundamentals of executive skills and effectiveness.

"To stimulate and promote more solid planning for your bank's future.

"To apply the process of creative thinking to problem-solving and decision-making.

"To study ways to strengthen and utilize individual abilities with increasing effectiveness.

"To assist you in the development of skilled and qualified successors.

First School of Its Kind

"The Institute, which we believe is the first of its kind in American banking, is somewhat unusual in its approach to the executive development problem. Lectures are held to a minimum. Instead, the whole approach to the course is through the technique of group discussions and problem-solving, a technique that has proven highly successful in executive development programs being carried on by some of our major business corporations.

"Participation in the week-long session is limited to the chief executive officer of the member bank or his principal alternate. Enrollment in the Institute will be limited to 30 such executives, and these executives will be divided into two groups of 15 each. The first Institute will be held this Fall at a location to be announced shortly.

"To my mind, this may well be the most important educational activity the association has ever embarked upon. It is fundamental that the executive office of a commercial bank must be as thoroughly conversant with managerial responsibilities and prerogatives as it is possible to be. It is also imperative that management's succession becomes a major activity in our banks.

"Today when we are witnessing revolutionary changes in our whole concept of the role of private enterprise and in particular the role of banking, it behooves all of us to join this parade of progress if we and our institutions are to serve in the future as well as we have in the past.

"The addition of Columbia University to the association's ever enlarging realm of academic facilities for management education is, I believe, a noteworthy accomplishment.

Management Education With Four Universities

"The association is now conducting direct programs of management education with four of the country's leading universities, namely, Cornell University at Ithaca, Syracuse University at Syracuse, New York University, New York and, more recently, Columbia. Through these educational facilities, intensified, specially designed, exclusive programs dealing with various aspects of our business are conducted. It is, I believe, one of the most ambitious programs of its kind. The association's broad educational network is an absolute necessity fr all of us in banking today and for those who will in the future make banking a career."

A. L. Tuma Opens

FRESNO, Calif. — A. Laurence Tuma is engaging in a securities business from offices at 4612 North Van Ness Boulevard.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

★ **Aero Supply Mfg. Co., Inc.**
June 4 (letter of notification) 129,879 shares of common stock (par $1) to be offered to stockholders of record June 20, 1956, on a basis of one new share for 3⅓ shares held; rights to expire on July 16, 1956. **Price** — $2 per share. **Proceeds**—For relocating machinery and equipment in plant, additional equipment and working capital. **Office**—611 West Main St., Corry, Pa. **Underwriters**—Henry M. Margolis and Leo A. Strauss, directors of the company.

★ **Allied Oil & Industries Corp.**
June 14 (letter of notification) 150,000 shares of capital stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For the acquisition of oil and gas leasehold interests and working capital. **Office** — 403 Wilson Bldg., 2601 Main St., Houston, Texas. **Underwriter** — Muir Investment Corp., San Antonio, Texas; D. N. Silverman & Co., New Orleans La.; Texas National Corp., San Antonio, Texas; Charles B. White & Co., Houston, Texas; and Reed and Sloan Co., Dallas, Texas.

Alunite Corp. of Utah
May 17 (letter of notification) 160,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For manufacture and sale of commercial fertilizer. **Office**—373 West 3rd North, Salt Lake City, Utah. **Underwriter**—Cayias, Larson, Glaser, Emery, Inc., Salt Lake City, Utah.

American Frontier Corp., Memphis, Tenn.
Feb. 15 filed 175,000 shares of class A common stock (par $1). **Price** — $10 per share. **Proceeds** — Together with other funds, to purchase 1,000,000 shares of common stock (par $1) of American Frontier Life Insurance Co. **Underwriter**—None.

American Horse Racing Stables, Inc.
May 11 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** — For organizing and operating a racing stable. **Office**—Virginia and Truckee Bldg., Carson City, Nev. **Underwriter**—Columbia Securities Co., Inc. of California, Beverly Hills, Calif.

American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

• **American Machine & Foundry Co. (6/27)**
June 1 filed $10,897,000 of subordinated debentures due July 1, 1981, to be offered for subscription by common stockholders of record June 27, 1956, at the rate of $100 of debentures for each 25 shares of stock then held; rights to expire on July 11. **Price**—At par (flat). **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—Union Securities Corp., New York. **Meeting**—Stockholders will vote on June 26 on approving proposed financing.

American Tar & Turpentine Co., Inc.
June 5 (letter of notification) $200,000 principal amount, 20½-year 5½% subordinated debentures due May 15, 1976 and 20,000 shares of common stock (no par) to be offered in units of 10 shares of common stock and $100 of debenture. **Price**—$110 per unit. **Proceeds**—For installing a new plant in Winfield, La. **Office**—219 Carondelet St., New Orleans, La. **Underwriters** — Scharff & Jones, Inc., and Nusloch, Baudean & Smith, Inc., both of New Orleans, La.

★ **American Telephone & Telegraph Co. (7/10)**
June 18 filed $250,000,000 of 34-year debentures due July 1, 1990. **Proceeds**—For advances to subsidiary and associated companies; for investments; for extensions, additions and improvements to properties; and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on July 10.

• **Anderson Electric Corp.**
May 28 filed 35,000 shares of 60-cent cumulative convertible preferred stock (par $8.50) and 20,500 shares of common stock (par $1) to be offered by the company and 46,440 shares of class B common stock (par $1) to be offered for the account of certain selling stockholders. **Price**—To be supplied by amendment (it is anticipated that the offering price will be $10 per share on the preferred and $6.75 on the common). **Proceeds**—To repay $50,000 of bank loans and for working capital. **Office**—Birmingham, Ala. **Underwriter**—Cruttenden & Co., Chicago, Ill. **Offering**—Expected today (June 21).

★ **Apple Valley Air Transport, Inc.**
June 12 (letter of notification) 1,500 shares of common stock (no par). **Price**—$20 per share. **Proceeds**—For establishment and operation of an airport. **Office**—16405½ S. New Hampshire Ave., Gardena, Calif. **Underwriter**—James E. Thurston, Lakewood 8, Calif.

★ **Arden Farms Co., Los Angeles, Calif.**
June 15 filed $4,099,300 of 5% subordinated debentures due July 1, 1986 (convertible until July 1, 1964) and 63,614 shares of common stock (par $1). The debentures are to be offered for subscription by preferred stockholders at the rate of $10 principal amount of debentures for each preferred share held, while the common shares are to be offered for subscription by common stockholders at the rate of one share for each 10 shares held. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans. **Underwriter**—None.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

Armstrong Rubber Co. (6/27)
May 31 filed $9,250,000 of convertible subordinated debentures due June 15, 1971. **Price**—100% of principal amount. **Proceeds**—Together with $7,750,000 to be borrowed from insurance companies, for construction or acquisition of new plants and equipment and for working capital. **Office**—West Haven, Conn. **Underwriter**—Reynolds & Co., Inc., New York.

Associated Grocers, Inc., Seattle, Wash.
April 20 filed 5,703 shares of common stock; $2,000,000 of 25-year 5% registered convertible debenture notes; and $1,500,000 of 5% coupon bearer bonds. **Price** — Of stock. $50 per share; and of notes and bonds, 100% of principal amount. **Proceeds**—To reduce bank, mortgage loan, or other indebtedness; and for working capital. **Underwriter**—None.

★ **Atlanta Gas Light Co. (7/11)**
June 20 filed 38,280 shares of common stock (par $10) to be offered for subscription by common stockholders of record July 10, 1956 on the basis of one new share for each 10 shares held; rights to expire on July 31, 1956. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for new construction. **Underwriters**—The First Boston Corp., New York; and Courts & Co. and The Robinson-Humphrey Co., Inc., both of Atlanta, Ga.

★ **Atlanta Gas Light Co. (7/17)**
June 20 filed $5,000,000 of first mortgage bonds due 1981. **Proceeds**—To reduce bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; The First Boston Corp.; Dean Witter & Co. and Lazard Freres & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 17 at 90 Broad St., New York 4, N. Y.

Atlantic Oil Corp., Tulsa, Okla.
April 30 filed 2,000,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — To be named by amendment.

Atlas Credit Corp., Philadelphia, Pa.
June 11 filed $600,000 of 6% convertible subordinated debentures due June 15, 1968. **Price**—100% of principal amount. **Proceeds**—To retire indebtedness of the company to its affiliates for money borrowed for working capital. **Underwriter**—Name to be supplied by amendment. George A. Searight, New York, underwrote stock offering in December, 1954.

• **Atlas Investment Co., Las Vegas, Nev.**
Jan. 9 filed 20,800 shares of class B common voting stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,800 shares are to be offered in exchange for preferred stock. **Proceeds**—For payment of bank loans, and for capital and surplus. **Underwriters**—Rex Laub and Max Laub, of Tremonton, Utah, and M. D. Close Mortgage & Loan Co. and Jack Hemingway Investment Co., of Las Vegas, Nev. Statement effective May 17.

Automation Industries Corp., Washington, D. C.
May 11 filed 179,000 shares of common stock (par $1). **Price**—$5.25 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter** — None. Harry Kahn, Jr., of Washington, D. C., is President and Treasurer.

★ **Bennett-Ireland, Inc.**
June 8 (letter of notification) $285,000 of 20-year 6% convertible debentures due July 1, 1976, of which $10,000 principal amount are to be issued in exchange for a like amount of 6% debentures due 1973. **Price**—100% and accrued interest. **Proceeds** — For working capital. **Business**—Fireplace units, etc. **Office**—Norwich, N. Y. **Underwriters**—Mohawk Valley Investing Co., Inc., Utica, N. Y., and Security & Bond Co., Lexington, Ky.

Beta Frozen Food Storage, Inc.
May 14 filed 15,000 shares of preferred stock (par $50) and $100,000 convertible debenture bonds. **Price** — At par. **Proceeds**—For capital expenditures and working capital. **Office** — Baltimore, Md. **Underwriter** — None. William H. Burton is President of company.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—To be used for exploratory work on mining mineral properties. **Office**—1424 Pearl Street, Boulder, Colo. **Underwriter**—Lamey & Co., Boulder, Colo.

Birnaye Oil & Uranium Co., Denver, Colo.
April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Office** — 762 Denver Club Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Birtcher Corp.
May 31 (letter of notification) $300,000 of 6% convertible subordinated debentures, due 1971. **Price** — At face amount. **Proceeds** — To pay income taxes, for branch warehouse and office, to retire short-term loans and to increase inventories. **Office** — 4371 Valley Blvd., Los Angeles 32, Calif. **Underwriter**—Quincy Cass Associates, Los Angeles, Calif.

★ **Blue Chip Stamp Co.**
June 7 (letter of notification) 150 shares of class A stock and 1,850 shares of class B stock. **Price**—Both at par ($100 per share). **Proceeds**—For working capital and general corporate purposes. **Office** — 3410 West Third St., Los Angeles, Calif. **Underwriter**—None.

★ **Blue Ridge Fruit Exchange, Inc.**
June 4 (letter of notification) 14,027 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For expansion. **Office** — Cleveland Ave., Waynesboro, Pa. **Underwriter**—None.

British Columbia (Province of) (6/27)
June 7 filed an aggregate of $40,000,000 debentures, viz: $20,000,000 of sinking fund debentures, series K, due 1986 of British Columbia Power Commission; $10,000,000 of sinking fund debentures, series B, due 1981 of Pacific Great Eastern Ry. Co.; and $10,000,000 of sinking fund debentures, series B, due 1976 of British Columbia Toll Highways and Bridges Authority. **Proceeds**—To reduce bank loans and for capital expenditures. **Underwriters**—Morgan Stanley & Co.; Harris & Partners Limited, Inc.; and Burns Bros. & Denton, Inc.

Canada Dry Ginger Ale, Inc. (6/27)
June 7 filed $12,000,000 20-year sinking fund debentures due June 1, 1956. **Price**—To be supplied by amendment. **Proceeds**—To prepay $4,000,000 of 2⅞% promissory notes and $1,836,000 of 3⅞% promissory notes; for machinery and equipment and other general corporate purposes. **Underwriters** — Union Securities Corp. and Hornblower & Weeks, both of New York.

★ **Canadian International Growth Fund Ltd. (7/10-13)**
June 15 filed 625,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Advisers**—Van Strum & Towne, Inc., New York, and Mutual Funds Statistical Surveys Ltd., Montreal, Canada. **Underwriter**—Hayden, Stone & Co., New York.

• **Capital Airlines, Inc. (6/26-27)**
June 1 filed $12,000,000 of convertible subordinated debentures due July 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Lehman Brothers, New York.

Cary Chemicals, Inc., Milltown, N. J. (6/27)
June 5 filed $2,300,000 of 6% first lien bonds due 1976 and 230,000 shares of common stock (par 10 cents) to be offered in units of $500 of bonds and 50 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—$1,150,000 to be applied to cost of new polyvinyl chloride resin plant; $138,000 to interest on bonds during the first year; $230,748 for liquidation of mortgage on present plant; $33,000 for retirement of outstanding preferred stock; $10,352 for purchase of common stock; and about $447,400 for working capital. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

Chain Belt Co.
May 18 filed 76,543 shares of common stock (par $10) being offered for subscription by common stockholders of record June 8, 1956, on the basis of one new share for each eight shares held; rights to expire on June 25. **Price**—$58 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriters** — Morgan Stanley & Co., New York, and Robert W. Baird & Co., Inc., Milwaukee, Wis.

Chesapeake Shores Country Club, Inc.
May 29 filed 5,000 shares of common stock, of which it is the company's intention to offer for sale at this time only 2,500 shares. **Price**—At par ($300 per share). **Proceeds** — To construct and operate a recreation resort. **Office**—Upper Marlboro, Md. **Underwriter**—None.

C. I. T. Financial Corp.
May 17 filed $75,000,000 of debentures due June 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—Primarily for furnishing working funds to company's subsidiaries. **Underwriters**—Dillon, Read & Co. Inc., Kuhn, Loeb & Co. and Lehman Brothers, all of New York. **Offering**—Temporarily postponed.

★ Colonial Utilities Corp.
June 4 (letter of notification) $109,245.50 principal amount of 6% convertible subordinate debentures, due June 1, 1966 to be offered for subscription by holders of common stock at the rate of $1.30 for each share held. (Each $100 of debentures is convertible into 18 shares of common stock.) **Price**—At 100% of principal amount. **Proceeds**—For working capital, construction, purchase of Dover plant, etc. **Office**—90 Broad St., New York, N. Y. **Underwriter**—None.

Colorado Springs Aquatic Center, Inc.
June 5 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For swimming pool and related activities, bowling alley, site preparation including parking, and land cost ($95,000). **Underwriters**—Arthur L. Weir & Co., Colorado Springs, Colo.; and Copley & Co.

Columbia General Investment Corp.
March 29 filed 100,000 shares of common stock (par $1) to be offered for subscription by stockholders only. **Price**—A maximum of $4.50 per share. **Proceeds**—To make additional investments, including stock of Columbia General Life Insurance Co. **Office** — Houston, Tex. **Underwriter**—None.

Commodity Fund for Capital Growth, Inc.
May 28 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For trading in commodity future contracts. **Office** — 436 West 20th St., New York 11, N. Y. **Underwriter** — Arthur N. Economu Associates, New York, N. Y.

Commodity Holding Corp.
June 6 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—To trade in commodities. **Office**—15 Exchange Place, Jersey City, N. J. **Underwriter** — Southeastern Securities Corp., 335 Broadway, New York.

Commonwealth, Inc., Portland, Ore.
March 23 (letter of notification) 5,912 shares of 6% cumulative preferred stock being offered for subscription by stockholders of record April 16, 1956 on a pro rata basis; rights to expire on July 2, 1956. **Price**—At par ($50 per share). **Proceeds** — For working capital. **Office**—Equitable Bldg., 421 S. W. 6th Ave., Portland 4, Ore. **Underwriter**—None.

Connecticut Power Co.
May 16 filed 71,132 shares of common stock (par $25) being offered for subscription by common stockholders of record June 4 on the basis of one new share for each 10 shares held; rights to expire on June 26. **Price**—$37.50 per share. **Proceeds**—To reduce bank loans. **Underwriter**—None.

★ Consolidated Diesel Electric Corp. (7/9-13)
June 15 filed 300,000 shares of common stock (par 10 cents), of which 100,000 shares are for account of the company and 200,000 shares for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital and to finance inventories and accounts receivable. **Office**—Stamford, Conn. **Underwriter** — Van Alstyne, Noel & Co., New York.

NEW ISSUE CALENDAR

June 22 (Friday)

Lay (H. W.) & Co., Inc.----------Class A Common
(Johnson, Lane, Space & Co., Inc.) $1,150,000

Sierra Pacific Power Co.----------Common
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) 62,576 shares

Union Tank Car Co.----------Common
(Offering to stockholders—to be underwritten by Smith, Barney & Co. and Blunt Ellis & Simmons) 335,724 shares

Western Massachusetts Companies----------Common
(Offering to stockholders—to be underwritten by The First Boston Corp. and White, Weld & Co.) 92,237 shares

June 25 (Monday)

Kay Lab.----------Class A
(Shearson, Hammill & Co.) 364,280 shares

Southern Nevada Power Co.----------Common
(William R. Staats & Co. and Hornblower & Weeks) 175,000 shares

United States Shoe Corp.----------Common
(Merrill Lynch, Pierce, Fenner & Beane) 170,000 shares

Youngstown Sheet & Tube Co.----------Common
(Exchange offer to Emsco stockholders)

June 26 (Tuesday)

Capital Airlines, Inc.----------Debentures
(Lehman Brothers) $12,000,000

Elizabethtown Water Co. Consolidated----Debens.
(Bids 11 a.m. EDT) $7,500,000

Home Oil Co., Ltd.----------Debentures
(Lehman Brothers and Wood, Gundy & Co. Ltd.) $7,500,000

Montreal Transportation Commission--Debentures
(Shields & Co.; Halsey, Stuart & Co. Inc.; and Savard & Hart) $11,500,000

Wheland Corp.----------Debentures
(Hemphill, Noyes & Co.; Courts & Co.; and Equitable Securities Corp.) $2,000,000

Wheland Corp.----------Common
(Hemphill, Noyes & Co.; Courts & Co.; and Equitable Securities Corp.) 136,000 shares

June 27 (Wednesday)

American Machine & Foundry Co. Debentures
(Offering to stockholders—to be underwritten by Union Securities Corp.) $10,897,000

Armstrong Rubber Co.----------Debentures
(Reynolds & Co., Inc.) $9,250,000

British Columbia (Province of)----------Debentures
(Morgan Stanley & Co.; Harris & Partners Limited, Inc.; and Burns Bros. & Denton, Inc.) $40,000,000

Canada Dry Ginger Ale, Inc.----------Debentures
(Union Securities Corp. and Hornblower & Weeks) $12,000,000

Cary Chemicals, Inc.----------Bonds & Common
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $2,300,000 bonds and 230,000 common shares

Nucleonics, Chemistry & Electronics Shares, Inc.----------Common
(Lee Higginson Corp.) 300,000 shares

Popular Merchandise Co., Inc.----------Common
(Shields & Co.) 259,473 shares

Union Mines, Inc.----------Class A Stock
(Milton D. Blauner & Co., Inc.) $800,000

June 28 (Thursday)

Fort Pitt Packaging International, Inc.--Common
(Barrett Herrick & Co. Inc.) $900,000

Lake Ontario Portland Cement Co., Ltd.----------Debentures & Stock
(Kidder, Peabody & Co. and Nesbitt, Thomson & Co.; Ltd.) $6,497,400 Debentures; 232,050 preferred shares; and 696,150 common shares

Sessions Clock Co.----------Common
(Gearhart & Otis, Inc.) $299,950

July 2 (Monday)

Florida Power Corp.----------Bonds
(Bids 11:30 a.m. EDT) $20,000,000

General Transistor Corp.----------Common
(Milton D. Blauner & Co., Inc.) $300,000

July 6 (Friday)

Yale & Towne Manufacturing Co.----------Common
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) about 270,000 shares

July 9 (Monday)

Consolidated Diesel Electric Corp.----------Common
(Van Alstyne, Noel & Co.) 300,000 shares

Rare Metals Corp. of America----------Common
(Offering to stockholders of El Paso Natural Gas Co. and Western Natural Gas Co.—to be underwritten by White, Weld & Co.) 1,400,000 shares

July 10 (Tuesday)

American Telephone & Telegraph Co.--Debentures
(Bids to be invited) $250,000,000

Canadian International Growth Fund, Ltd.--Com.
(Hayden, Stone & Co.) 625,000 shares

Sperry Rand Corp.----------Common
(Offering to stockholders—to be underwritten by Merrill Lynch, Pierce, Fenner & Beane) 2,570,846 shares

Union Electric Co.----------Bonds
(Bids to be received) $40,000,000

July 11 (Wednesday)

Atlanta Gas Light Co.----------Common
(Offering to stockholders—to be underwritten by The First Boston Corp.; Courts & Co.; and The Robinson-Humphrey Co., Inc.) 88,280 shares

Pacific Power & Light Co.----------Common
(Offering to stockholders—bids 11 a.m. EDT) 341,550 shares

July 13 (Friday)

San Jacinto Petroleum Corp.----------Common
(Offering to stockholders—to be underwritten by White, Weld & Co.) 298,410 shares

July 16 (Monday)

Mica & Minerals Corp. of America----------Common
(Peter Morgan & Co.) $570,000

July 17 (Tuesday)

Atlantic Gas Light Co.----------Bonds
(Bids to be invited) $5,000,000

Tennessee Gas Transmission Co.----------Debentures
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $30,000,000

July 18 (Wednesday)

Republic Cement Corp.----------Common
(Vickers Brothers) $9,650,000

July 23 (Monday)

Copeland Refrigeration Corp.----------Common
(Baker, Simonds & Co.) 100,000 shares

July 24 (Tuesday)

Illinois Power Co.----------Bonds
(Bids to be invited) $20,000,000

July 28 (Wednesday)

Devall Land & Marine Construction Co., Inc.--Com.
(Vickers Brothers) $300,000

August 21 (Tuesday)

Pacific Telephone & Telegraph Co.----Debentures
(Bids 8:30 a.m. PDT) $78,000,000

August 28 (Tuesday)

Consolidated Natural Gas Co.----------Debentures
(Bids to be invited) $30,000,000

September 11 (Tuesday)

Carolina Power & Light Co.----------Bonds
(Bids to be invited) $15,000,000

September 25 (Tuesday)

Virginia Electric & Power Co.----------Bonds
(Bids to be invited) $20,000,000

October 1 (Monday)

Tampa Electric Co.----------Bonds
(Bids to be invited) $10,000,000

October 2 (Tuesday)

Columbia Gas System, Inc.----------Debentures
(Bids to be invited) $30,000,000

Consolidated Mercury Corp.
May 21 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price** — 20 cents per share. **Proceeds**—For mining expenses. **Office**—41 East Second St., Winnemucca, Nev. **Underwriter**—Shelley, Roberts & Co., Denver, Colo.

★ Consolidated Water Co., Chicago, Ill.
June 18 filed $330,000 of 5% convertible debentures due June 1, 1976 and 26,000 shares of class A common stock (par $10). **Price**—Of debentures, 100% of principal amount; and of stock, $12 per share. **Proceeds**—For payment of bank loans and other obligations totaling $184,000, and for the purchase of securities of company's subsidiaries. **Underwriters** — The Milwaukee Co., Milwaukee, Wis.; Harley, Haydon & Co., Inc., Madison, Wis.; and Indianapolis Bond & Share Corp., Indianapolis, Ind. **Offering**—Expected early in July.

● Continental American Fund, Inc., Jersey City, N. J.
March 30 filed 300,000 shares of capital stock (par $1). **Price**—At net asset value plus a premium of 5% of the offering price. **Proceeds**—For investment. **Underwriter**—Continental American Management Co., Inc., Jersey City, N. J. Statement effective May 8.

Continental Equity Securities Corp.
March 28 filed 40,000 shares of class A common stock (par $5) and 80,000 shares of class B common stock (par 50 cents). **Price**—Of class A stock, $12.50 per share, and of class B stock, 50 cents per share. **Proceeds**—To increase capital and surplus. **Office**—Alexandria, La. **Underwriter**—None.

● Cooper Tire & Rubber Co., Findlay, Ohio
June 6 filed 97,950 shares of common stock (no par) to be offered for subscription by common stockholders on the basis of 1¼ new shares for each two shares held (with an oversubscription privilege). **Price**—$10.50 per share. **Proceeds**—For working capital. **Underwriter**—Prescott & Co., Cleveland, O.

★ Cowden Manufacturing Co.
June 11 (letter of notification) 12,000 shares of common stock (par $20) to be offered for subscription by stockholders. **Price**—$24 per share. **Proceeds**—For working capital. **Office**—300 Radio Bldg., Lexington, Ky. **Underwriter**—None.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

● Cullen Minerals Corp. (Texas)
March 30 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To repay bank loans, and for expansion and working capital. **Underwriter** — Lepow Securities Corp., New York. **Offering**—Temporarily postponed.

Dalmid Oil & Uranium, Inc., Grand Junction, Colo.
April 16 (letter of notification) 2,700,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1730 North 7th Street, Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Dean & Co., San Antonio, Texas
May 21 (letter of notification) 20,000 shares of 6% preferred stock, series A. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Underwriter**—The First Trust Co. of Lincoln, Neb.

Delaware Power & Light Co.
May 9 filed 232,520 shares of common stock (par $13.50) being offered for subscription by common stockholders of record June 6, 1956 on the basis of one new share for each eight shares held; rights to expire on June 26. Unsubscribed shares are to be offered to employees. **Price**—$35 per share. **Proceeds**—For construction program. **Underwriter**—Carl M. Loeb, Rhoades & Co.

★ Delta Air Lines, Inc., Atlanta, Ga.
June 19 filed 125,000 shares of common stock (par $3). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—Courts & Co., Atlanta, Ga.

● Devall Land & Marine Construction Co., Inc. (7/18)
May 16 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For payments of notes, to purchase and equip three boats and working capital. **Office**—1111 No. First Ave., Lake Charles, La. **Underwriter**—Vickers Brothers, Houston, Tex.

Doctors Oil Corp., Carrollton, Tex.
Feb. 23 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to pay off $13,590.80 liabilities. **Underwriter** — James C. McKeever & Associates, Oklahoma City, Okla.

Douglas Corp., Fort Collins, Colo.
March 26 (letter of notification) 2,997,800 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—155 North College Ave., Fort Collins, Colo. **Underwriter** — Columbia Securities Co., Denver 2, Colo.

Downtown Parking Association, Inc.
May 18 (letter of notification) 4,000 shares of common stock (par $25) and 4,000 shares of cumulative preferred stock (par $50) to be sold in units consisting of one share of each class of stock. **Price**—$75 per unit. **Proceeds**—

Continued on page 42

Continued from page 41

For development of a parking building and facilities. **Office**—1333 American Bank Bldg., Portland, Ore. **Underwriter**—Blyth & Co., Inc., Portland, Ore. Full registration expected to be filed.

★ Eastern Washington Natural Gas Co.
June 6 (letter of notification) 50,000 shares of 5% cumulative preferred stock (par $5) and 50,000 shares of common stock (par 50 cents) in units of one share of each class of stock. **Price**—$5.50 per unit. **Proceeds**—To repay loans and for general corporate purposes. **Office** — Ritzville, Wash. **Underwriter** — Morgan & Co., Salt Lake City, Utah.

Elizabethtown Water Co. Consolidated (6/26)
May 25 filed $7,500,000 of debentures due 1986. **Proceeds**—To redeem $103,000 first mortgage 5% 50-year gold bonds of Raritan Township Water Co. (assumed by company) at 105% and to repay bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on June 26 at the City Bank Farmers Trust Co., Two Wall St., New York, N. Y.

Eureka Corp., Ltd., New York
April 30 filed 2,276,924 shares of common stock (par 25 cents-Canadian), of which 1,991,210 shares are to be offered for subscription by stockholders of record May 18, 1956 at the rate of one new share for each five shares held. The remaining 285,714 shares are to be issued to the underwriters as compensation in connection with the offering. **Price**—$1.75 per share. **Proceeds**—To explore, develop and exploit the TL Shaft area. **Underwriters**—Alator Corp., Ltd. and Rickey Petroleums & Mines, Ltd., both of Toronto, Canada.

● Florida Power Corp. (7/2)
June 8 filed $20,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EDT) on July 2.

Florida Sun Life Insurance Co.
March 16 filed 32,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To expand company's business. **Office**—Fort Lauderdale, Fla. **Underwriter**—None. Offering will be made through James C. Dean, President of company.

● Fort Pitt Packaging International, Inc. (6/28)
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York. Statement effective May 14.

★ Fulfillment Corp. of America
June 8 (letter of notification) $77,000 principal amount of 5% subordinated notes, due Jan. 10, 1958 to be offered to stockholders. **Price**—85% of principal amount. **Proceeds**—To refund a demand note. **Office**—381 West Center St., Marion, Ohio. **Underwriter**—None.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

★ Gas Industries Fund, Inc., Boston, Mass.
June 14 filed (by amendment) 2,000,000 additional shares of common stock (par $1). **Price** — At market. **Proceeds**—For investment.

★ General Precision Equipment Corp.
June 20 filed 59,445 shares of $1.60 cumulative convertible preference stock (no par) and 59,445 shares of common stock (par $1) to be offered in exchange for 5% preferred stock and common stock of Graflex, Inc. in the ratio of one-quarter share of General preference stock for each Graflex preferred share and one-quarter share of General common stock in exchange for each Graflex common share. **Underwriter**—None.

★ General Transistor Corp. (7/2-6)
June 11 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For machinery and equipment, to repay bank loan and advances and for working capital, etc. **Office** — 130-11 90th Ave., Richmond Hill, New York City. **Underwriter**—Milton D. Blauner & Co., Inc., New York City.

General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President. Statement effective March 11.

★ Glory Hole, Inc.
June 11 (letter of notification) 80,000 shares of class A common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For mining expenses. **Address**—Box 426, Central City, Colo. **Underwriter**—None.

Golden Dawn Uranium Corp., Buena Vista, Colo.
Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — Bel-Air Securities Co., Provo, Utah.

Grain Elevator Warehouse Co.
May 28 filed $6,302,950 of 5% convertible subordinated debentures due 1976, together with 126,059 shares of common stock (par 10 cents) to be offered for subscription in units of $50 of debentures and one common share by preferred and common stockholders of National Alfalfa Dehydrating & Milling Co. of record June 20, 1956 on the basis of one such unit for each preferred of National and one such unit for each 10 National common shares; rights to expire on July 12. **Price**—$50 per unit. In exercising the subscription rights, credit will be given toward the subscription price on the basis of $45 for each share of preferred and $15 for each share of common stock of National tendered as a part of the subscription. **Proceeds**—For capital expenditures and working capital. **Underwriter**—None.

Gray Tool Co., Houston, Texas
May 3 (letter of notification) 3,270 shares of class B stock (no par), of which 1,000 shares are to be offered pro rata to the holders of class A stock and 2,270 shares are offered to employees of the company. **Price** — $50 per share. **Proceeds**—For working capital. **Office**—6102 Harrisburg Blvd., Houston, Tex. **Underwriter**—None.

Growers Container Corp., Salinas, Calif.
May 28 filed 600,000 shares of common stock (par $1) to be offered primarily to individuals and firms who are engaged in or closely allied to the growing and shipping industry. **Price**—$3 per share. **Proceeds**—For working capital, capital expenditures and other corporate purposes. **Underwriter**—None.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

★ Guaranty Paper Corp.
June 13 (letter of notification) 60,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For purchasing of machinery and renting of water-marking machines and working capital. **Office**—201 N. Main St., Coudersport, Pa. **Underwriter**—None.

Gunkelman (R. F.) & Sons, Fargo, N. D.
May 25 (letter of notification) 1,800 shares of 5% cumulative preferred stock (par $100). **Price**—$98 per share. **Proceeds** — For expenses incident to commercial grain business. **Underwriter**—W. R. Olson Co., Fargo, N. D.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

Harrison (D. L.) Corp., Dallas, Texas
April 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For equipment, raw materials and working capital. **Underwriter**—Garrett & Co., Dallas, Texas.

Hidden Dome Exploration Co., Inc.
May 15 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For the development of oil and gas properties. **Office**—219 E. Fremont Ave., Las Vegas, Nev. **Underwriter**—National Securities Co., Las Vegas, Nev.

Hill & Hill 1956 Oil Exploration Capital Fund
March 13 filed $450,000 of participations in this Fund to be offered for public sale in minimum units of $15,000. **Proceeds**—For payment of various property and exploratory well costs and expenses. **Business**—George P. Hill and Houston Hill are engaged in exploration for and production of oil and gas as a joint venture. **Office**—Fort Worth, Tex. **Underwriters** — William D. McCabe and E. S. Emerson, South Texas Bldg., San Antonio, Tex.

Hiskey Uranium Corp.
May 31 filed 500,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—For drilling expenses, purchase of properties and working capital. **Offices**—Las Vegas, Nev., and Salt Lake City, Utah. **Underwriter**—Ackerson-Hackett Investment Co., Reno, Nev.

Holden Mining Co., Winterhaven, Calif.
April 13 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address** — P. O. Box 308, Winterhaven, Calif. **Underwriter**—Arthur B. Hogan, Inc., Hollywood, Calif.

● Home Oil Co. Ltd. (6/26-27)
June 5 filed $7,500,000 of convertible subordinated debentures due July 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—For expansion and other corporate purposes. **Underwriters**—Lehman Brothers for U. S. group and Wood, Gundy & Co. Ltd. for Canadian group.

Hometrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — To expand operations of subsidiary and increase investment therein. **Underwriter**—None.

Idaho-Alta Metals Corp.
March 7 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development expenses. **Underwriter** — Fenner Corp. (formerly Fenner-Streitman & Co.), New York.

Ideal-Aerosmith, Inc., Hawthorne, Calif.
Dec. 16 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For equipment, machinery, inventory, etc. **Office**—12909 So. Cerise Ave., Hawthorne, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles, Calif.

Industrial Dynamics Corp., Wilmington, Del.
April 3 (letter of notification) 150,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter** — World Wide Investors Corp., Hoboken, N. J.

Industrial Minerals Development Corp.
March 7 (letter of notification) 1,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds**—For development and working capital. **Office**—Moab, Utah. **Underwriter**—I. J. Schenin Co., New York.

Inglewood Gasoline Co.
May 18 (letter of notification) 175,725.9 shares of capital stock (par 50 cents) to be first offered to stockholders. **Price**—$1.70 per share. **Proceeds**—For construction of an absorption type gasoline plant. **Office**—11950 San Vicente Blvd., Suite 207, Los Angeles 49, Calif. **Underwriter**—Bennett & Co., Hollywood 28, Calif.

Insulated Circuits, Inc., Belleville, N. J.
Nov. 10 filed 100,000 shares of 6% convertible preferred stock (cumulative if and to the extent earned). **Price**—At par ($5 per share). **Proceeds**—For general corporate purposes. **Underwriter**—Alexander Watt & Co., Inc., has withdrawn as underwriter; new one to be named.

● Interlake Iron Corp.
June 4 filed 80,561 shares of common stock (no par) to be offered in exchange for common stock of Globe Metallurgical Corp. at the rate of 0.4666⅔ of one share for each Globe share. Offer to expire on July 20, 1956, unless extended.

International Basic Metals, Inc.
Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office**—155 West South Temple St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5, N. Y. **Underwriter**—Kamen & Co., New York.

● "Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp., New York. Statement effective June 13.

Isthmus Steamship & Salvage Co., Inc.
May 4 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital and for purchase of a ship and equipment. **Office**—1214 Ainsley Bldg., Miami, Fla. **Underwriter**—Foster-Mann, Inc., New York, N. Y.

Israel-Mediterranean Petroleum, Inc. (Panama)
May 29 filed American voting trust certificates for 1,430,000 shares of common stock (par one cent), of which 1,000,000 certificates are to be offered for public sale, 180,000 shares and certificates therefor are subject to options and 250,000 shares and certificates therefor are to be offered for sale outside of the United States. **Price**—To be the market price on the American Stock Exchange. **Proceeds** — For carrying out the exploratory drilling and development of presently licensed acreage, operations and expenses of the company, and acquisition, exploration and development of additional acreage. **Underwriter**—H. Kook & Co., Inc., New York.

★ Jay Peak, Inc., North Troy, Vt.
June 18 (letter of notification) 24,600 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For expenses incident to ski development on Jay Peak. **Underwriter**—None.

★ Jewel Tea Co., Inc., Melrose Park, Ill.
June 18 (letter of notification) 6,779 shares of common stock (par $1) to be offered to employees under stock purchase plan. **Price**—$44.25 per share. **Proceeds**—To working capital. **Office**—1955 West North Ave., Melrose Park, Ill. **Underwriter**—None.

Jones Apothecary, Inc.
May 8 (letter of notification) 100,000 shares of capital stock (par 50 cents) of which 80,000 shares are for the account of the company and 20,000 shares of selling stockholders. **Price**—$3 per share. **Proceeds**—For the enlargement of offices; for three new stores, and repayment of promissory notes. **Office**—620 Texas Ave., Houston 2, Tex. **Underwriter**—J. R. Phillips Investment Co., Inc., Houston, Tex.

★ Junction City Forest Products, Inc.
June 13 (letter of notification) 100 shares of preferred stock. **Price**—At par ($1,000 per share). **Proceeds**—For construction of a cedar shake fabricating factory. **Address**—Box 236, Junction City, Ore. **Underwriter**—None.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of non-assessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kay Lab, San Diego, Calif. (6/25)
May 23 filed 364,280 shares of class A common stock (par $1), of which 307,400 shares are to be offered to the public and 56,880 shares to certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—$2,455,361 to

be applied to the repayment of notes and bank loans; $343,700 to pay accounts payable and commissions payable; and the balance of approximately $200,000 to be added initially to working capital to be used for general corporate purposes. **Underwriter**—Shearson, Hammill & Co., New York, and Los Angeles, Calif.

★ Kropp Forge Co.
June 4 (letter of notification) 18,804 shares of common stock (par 33⅓ cents). **Price**—At market. **Proceeds**—To selling stockholders. **Underwriter**—Sincere & Co., Chicago, Ill.

Lake Ontario Portland Cement Co., Ltd. (6/28)
June 7 filed $6,497,400 (Canadian) 5½% debentures due June 30, 1971; 252,050 shares of 5% convertible preferred stock (par $10-Canadian); and 696,150 shares of common stock (par $1-Canadian) to be offered in units of $700 of debentures, 25 shares of preferred stock and 75 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to acquire limestone and clay lands, for construction program and for working capital. **Underwriters**—Kidder, Peabody & Co., New York; and Nesbitt, Thomson & Co., Ltd., Montreal, Canada.

Lawyers Mortgage & Title Co.
May 11 (letter of notification) 133,000 shares of common stock (par 65 cents). **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—115 Broadway, New York 6, N. Y. **Underwriter**—None.

● Lay (H. W.) & Co., Inc. (6/22-25)
May 25 filed 200,000 shares of class A common stock (par 50 cents), of which 149,000 shares are to be offered by the company and 51,000 shares for account of certain selling stockholders. **Price**—$5.75 per share. **Proceeds**—To repay $300,000 of bank loans, retire 7,879 shares of 5.2% cumulative convertible preferred stock, and for working capital. **Business**—Produces food products. **Office** — Chamblee, Ga. **Underwriter** — Johnson, Lane, Space & Co., Inc., Savannah, Ga.

Lester Engineering Co., Cleveland, Ohio
Feb. 24 (letter of notification) 37,500 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1956 on the basis of one new share for each 4¼ shares held. Of the unsubscribed portion, up to 7,500 shares are to be offered to employees. **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office**—2711 Church Ave., Cleveland, Ohio. **Underwriter**—None.

● Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York. **Offering**—Postponed.

Lone Star Fund, Dallas, Texas
June 1 filed 125,000 shares of Balanced Income Series; 125,000 shares of Insurance Growth Series; and 125,000 shares of Industrial Growth Series. **Price**—At market. **Proceeds** — For investment. **Underwriter** — All States Management Co., Dallas, Texas.

Long Island Lighting Co.
April 5 filed 120,000 shares of cumulative preferred stock, series G (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York. **Offering** — Postponed because of present unsatisfactory market conditions.

Los Angeles Airways, Inc., Los Angeles, Calif.
April 23 (letter of notification) 645 shares of common stock (par $10). **Price** — $54 per share. **Proceeds** — To Clarence M. Belinn, the selling stockholder. **Office**—5901 West Imperial Highway, Los Angeles 49, Calif. **Underwriter**—Dean Witter & Co., Los Angeles, Calif.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of nonassessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

Lumberman's Investment & Mortgage Co.
May 2 filed 50,000 shares of common stock (par $10). **Price**—$12 per share. **Proceeds**—For working capital and general corporate purposes. **Office** — Denver, Colo. **Underwriter**—None.

Maine Bonding & Casualty Co.
May 17 filed 30,000 shares of capital stock (par $10) being offered for subscription by stockholders at the rate of one new share for each 2½ shares of stock held on May 25; rights to expire on June 25. **Price**—$21.50 per share. **Proceeds**—To enlarge business. **Underwriters**—For unsubscribed shares (except those sold to officers and employees): Hornblower & Weeks, New York; and Bartlett & Clark Co., Portland, Me.

Mammoth Milling & Uranium Co., Inc.
May 11 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—205 Carlson Bldg., Pocatello, Idaho. **Underwriter**—Columbia Securities Co., Inc. of California, Beverly Hills, Calif.

Manufacturers Cutter Corp.
Oct. 18 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loans, and for new equipment and working capital. **Business**—Cutting tools. **Office**—275 Jefferson St., Newark, N. J. **Underwriter**—Paul C. Ferguson & Co., same city.

Mercantile Acceptance Corp. of California
May 24 (letter of notification) $100,000 of 12 year 5% debentures. **Price** — At par, **Proceeds** — For working capital. **Office**—333 Montgomery St., San Francisco, Calif. **Underwriter** — Guardian Securities Corp., San Francisco, Calif.

● Mercast Corp., New York
May 18 filed 250,466 shares of capital stock (par 10 cents) being offered for subscription by stockholders of record June 15, 1956, on the basis of two new shares for each three shares held; rights to expire on July 3. **Price**—$3 per share. **Proceeds**—For advances to subsidiaries; to repay current bank loans; for improvement and development costs; and other corporate purposes. **Underwriter**—None.

● Mica & Minerals Corp. of America (7/16)
June 13 filed 570,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To repayment of loans, to exercise option to purchase property now under lease, for construction of a plant, and for further exploration, working capital and other general corporate purposes. **Office**—Wilmington, Del. **Underwriter** — Peter Morgan & Co., New York.

★ Mid-Continent Uranium Corp.
May 31 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—728 Symes Bldg., Denver 2, Colo. **Underwriter**—General Investing Corp., New York, N. Y.

Midland General Hospital, Inc., Bronx, N. Y.
Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of $6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, $2,700,000. **Price** — $100 per share. **Proceeds** — For construction, working capital, reserve, etc. **Underwriter**—None.

● Mineral Projects-Venture C, Ltd., Madison, N. J.
Feb. 7 filed $2,500,000 of participations in capital as limited partnership interests in the venture being sold in minimum units of $25,000. **Proceeds**—For expenses incidental to oil exploration program. **Underwriter**—Mineral Propects Co., Ltd., on "best efforts basis. Statement effective June 12.

Mission Appliance Corp. of Mississippi
April 23 (letter of notification) 7,475 shares of preferred stock (par $20) and 29,900 shares of common stock (par $5) to be offered in units of one preferred and four common shares. **Price**—$40 per unit. **Proceeds** — For purchase of machinery and equipment. **Office**—New Albany, Miss. **Underwriter**—Lewis & Co., Jackson, Miss.

Modern Pioneers' Life Insurance Co.
May 24 (letter of notification) $300,000 of trust fund certificates. **Price**—At par ($2 per unit). **Proceeds** — To provide capital and surplus funds for the activation of this insurance company. **Underwriter**—Arizona Mutual Benefit Insurance Co., Phoenix, Ariz.

Mohawk Silica Co., Cincinnati, Ohio
March 23 (letter of notification) 3,000 shares of 8% cumulative convertible preferred stock (par $50) and 3,000 shares of common stock (no par) to be offered in units of one share of preferred and one share of common. **Price** — $60 per unit. **Proceeds** — For mining expenses and processing silica. **Office**—2508 Auburn Ave., Cincinnati, Ohio. **Underwriter**—None.

Montreal Transportation Commission (6/26)
June 8 filed $11,500,000 of sinking fund debentures due July 1, 1976 (guaranteed by the City of Montreal). **Proceeds**—For purchase of buses, improvements and to repay short term debt. **Underwriters**—Shields & Co. and Halsey, Stuart & Co. Inc., both of New York; and Savard & Hart, Montreal, Canada.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

Mountain View Diners, Inc.
May 28 (letter of notification) 99,800 shares of class A stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion and working capital. **Office**—20 Newark-Pompton Turnpike (Route 23), Singac, N. J. **Underwriter**—All States Securities Dealers, Inc., New York.

★ Nash Finch Co.
June 7 (letter of notification) 1,000 shares of common stock (par $10). **Price**—At market. **Proceeds**—To selling stockholder. **Underwriter** — J. M. Dain & Co., Inc., Minneapolis, Minn.

National Consolidated Mining Corp.
May 9 (letter of notification) 87,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For mining expenses. **Address** — Salida, Colo. **Underwriter**—Pummill Enterprises, Houston, Tex.

National Gypsum Co.
May 22 filed 417,403 shares of common stock (par $1) being offered for subscription by common stockholders of record June 11, 1956 on the basis of one new share for each eight shares held; rights to expire on June 25. **Price**—$47 per share. **Proceeds**—To finance development of a gypsum deposit discovered and now held under option to the company. **Underwriters**—W. E. Hutton & Co., Cincinnati, O. and New York City; and Blyth & Co., Inc., New York.

National Lithium Corp., Denver, Colo.
Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — 556 Denver Club Bldg., Denver, Colo. **Underwriter** — Investment Service Co., same city.

National Metallizing Corp.
March 5 (letter of notification) 24,000 shares of Class A stock (par $1) and 40,000 shares of Class B stock (par $1) to be offered for subscription by Class A and Class B stockholders of record Feb. 1, 1956 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For vacuum metallizing, conditioning, slitting and inspection machinery. **Office**—1145-19th St., N. W., Washington, D. C. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. **Offering**—Indefinitely postponed.

Natural Power Corp. of America, Waco, Texas
May 1 (letter of notification) 64,000 shares of common stock (par one cent). **Price**—$3.25 per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 2299, Waco, Tex. **Underwriter**—Western Bond & Share Co., Tulsa, Okla.

Niagara Uranium Corp., Salt Lake City, Utah
April 3 (letter of notification) 2,400,000 shares of common stock (par 3⅓ cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 345 South State St., Salt Lake City, Utah. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Nicholson (W. H.) & Co., Wilkes-Barre, Pa.
Jan. 16 filed 20,000 shares of common stock (par $5). **Price**—$25 per share. **Proceeds** — For working capital. **Underwriter**—None. A. E. Nicholson Jr. of Kingston, Pa. is President.

★ North Western Mining & Exploration Corp.
June 11 (letter of notification) 5,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—12822 3rd Ave. So., Seattle, Wash. **Underwriter**—None.

Nucleonics, Chemistry & Electronics Shares, Inc. (6/27)
Feb. 17 filed 300,000 shares of capital stock (par $1). **Price**—$10 per share. **Proceeds**—For investment. **Office**—Englewood, N. J. **Underwriter**—Lee Higginson Corp., New York. **Name Changed**—From Atomic, Chemical & Electronic Shares, Inc.

Oak Mineral & Oil Corp., Farmington, N. M.
Nov. 8 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—Philip Gordon & Co., New York.

● Old National Insurance Co., Houston, Texas
March 29 filed 48,108 shares of capital stock (no par) to be offered for subscription by stockholders on the basis of one new share for each nine shares held (with an oversubscription privilege). **Price** — To be supplied by amendment. **Proceeds** — To purchase life insurance in force and assets from other life insurance companies. **Subscription Agent** — Old Southern Trust Co., Houston, Tex. **Underwriter**—None. Statement effective June 13.

Pacific Finance Corp. (Calif.)
April 10 filed $25,000,000 of debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term bank loans. **Underwriters**—Blyth & Co., Inc., and Hornblower & Weeks. A second delaying amendment was filed May 21, with the expiration of the first 20-day delaying period.

● Pacific Gas & Electric Co.
May 22 filed 812,791 shares of common stock (par $25) being offered for subscription by common stockholders of record June 12, 1956 on the basis of one new share for each 20 shares held; rights to expire on July 2, 1956. **Price**—$45 per share. **Proceeds**—To reduce bank loans and for construction program. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Pacific Power & Light Co. (7/11)
June 7 filed 341,550 shares of common stock (par $6.50) to be offered for subscription by common stockholders of record July 11, 1956 at the rate of one additional share for each 10 shares then held; rights to expire on Aug. 2, 1956. **Price**—To be set by board of directors. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers, Union Securities Corp., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Kidder, Peabody & Co. **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on July 11.

Pan-Israel Oil Co., Inc. (Panama)
May 29 filed American voting trust certificates for 1,430,000 shares of common stock (par one cent), of which 1,000,000 certificates are to be offered for public sale, 180,000 shares and certificates therefor are subject to options and 25,000 shares and certificates therefor are to be offered for sale outside of the United States. **Price**—To be the market price on the American Stock Exchange. **Proceeds**—For exploration, drilling and development of oil and gas acreage in Israel. **Underwriter**—H. Kook & Co., Inc., New York.

Peabody Coal Co., Chicago, Ill.
Feb. 27 filed 210,823 shares of common stock being offered for subscription by stockholders of record Jan. 30, 1956 on the basis of nine additional shares of common stock for each 100 common shares held and nine new shares of common stock for each 40 shares of preferred stock held. This offer will not be made to holders of the 6,492,164 shares of common stock issued for the acquisition of the Sinclair properties under an offer of June

Continued on page 44

Continued from page 43

28, 1955. The warrants will expire on Dec. 31, 1957. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None. Statement effective March 27.

● **Perfelope Manufacturing Co.**
June 14 (letter of notification) 125,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For payment of present indebtedness; purchase of additional equipment and inventory; factory space and working capital. **Office**—112 Academy St., Newark, Del. **Underwriter**—None.

Perforating Guns Atlas Corp.
June 4 (letter of notification) 12,500 shares of common stock (par $1). **Price**—$24 per share. **Proceeds**—To go to six selling stockholders. **Office**—Scott St. and Holmes Road, Houston, Tex. **Underwriter**—Rotan, Mosle & Co., Houston, Tex.

Pinellas Industries, Inc., St. Petersburg, Fla.
Feb. 16 (letter of notification) 8,000 shares of class A common stock (par $1). **Price**—At the market (maximum $6). **Proceeds**—For working capital. **Office**—34th St. & 22nd Ave., North, St. Petersburg, Fla. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

● **Popular Merchandise Co., Inc. (6/27-28)**
June 8 filed 259,473 shares of common stock (par $1), of which 200,000 shares are to be sold for account of the company and 59,473 shares for account of two selling stockholders. **Price** — To be supplied by amendment (expected at $8 per share). **Proceeds**—For expansion and working capital. **Office** — Fairlawn, N. J. **Underwriter**—Shields & Co., New York.

★ **Porter-Cable Machine Co.**
June 14 (letter of notification) 15,000 shares of common stock (par $10) to be offered for subscription by stockholders at rate of one new share for each 14 shares held. **Price**—$20 per share. **Proceeds**—For working capital and expansion program. **Office**—1714 No. Salina St., Syracuse, N. Y. **Underwriter**—George D. B. Bonbright & Co., Rochester, N. Y.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Skyline Securities, Inc., Denver 2, Colo.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—573 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

★ **Radalite Corp.**
June 8 (letter of notification) 171,000 shares of capital stock (par 10 cents). **Price**—$1.75 per share. **Proceeds**—To pay obligations, to buy equipment and inventory, and for working capital. **Business** — Manufacture and sale of color-illuminated interchangeable letter Radalite sign. **Office** — 41-18 38th St., Long Island City, N. Y. **Underwriter**—Vickers Brothers, New York. **Offering**—Expected at end of July.

★ **Radium Hill Uranium, Inc., Montrose, Colo.**
June 14 (letter of notification) an undetermined number of shares of common stock which when sold at the market will bring in an aggregate amount of $42,500. **Proceeds**—For mining expenses. **Office**—Bryant Bldg., Montrose, Colo. **Underwriter**—Shaiman & Co., Denver, Colo.

Rainbow Uranium Co., Denver, Colo.
May 8 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—316 Symes Bldg., Denver, Colo. **Underwriter**—Carroll & Co., Denver, Colo.

Rapp (Fred P.), Inc., St. Louis, Mo.
March 2 filed 150,000 shares of 5½% cumulative preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred by company to redeem and cancel all of the issued and outstanding shares of 4% and 7% preferred stock; and for expansion program. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo. Statement may be withdrawn as company may be acquired by ACF-Wrigley Stores, Inc.

★ **Rare Metals Corp. of America, El Paso, Texas (7/9)**
June 15 filed 1,400,000 shares of capital stock (par $1) to be offered for subscription by common stockholders of El Paso Natural Gas Co. and Western Natural Gas Co. on the basis of one share of Rare Metals stock for each five shares or portion thereof of El Paso common stock and one share of Rare Metals stock for each 11 shares or portion thereof of Western Natural Gas Co. common stock. The offering is expected to be made during a two-week period commencing in July. **Price**—To be supplied by amendment. **Proceeds**—$1,250,000 to be used to pay outstanding 4% short-term notes and the then outstanding 3½% and 3¾% subordinated notes of El Paso and Western. The remainder will be used to pay for exploration, acquisition and development of mining and milling properties and for working capital. **Underwriter**—White, Weld & Co., New York.

Rea (J. B.) Co., Inc., Santa Monica, Calif.
May 29 (letter of notification) 50,000 shares of common stock (par $5) per share. **Price**—$6 per share. **Proceeds**—For inventory and working capital. **Office**—1723 Cloverfield Blvd., Santa Monica, Calif. **Underwriter**—Shearson, Hammill & Co., Beverly Hills, Calif.

Re-Mark Chemical Co., Inc. of Belle Glade, Fla.
May 9 (letter of notification) 86,954 shares of class A participating preference stock (par 80 cents) to be offered for subscription by stockholders. **Price**—$1.06¼ per share. **Proceeds**—To pay off bank loan and for expansion and working capital. **Office**—64 N. E. 73rd St., Miami, Fla. **Underwriter** — Frank L. Edenfield & Co., Miami, Fla.

Reinsurance Investment Corp., Birmingham, Ala.
May 25 filed 2,985,000 shares of common stock, of which 2,485,000 shares are to be offered to public and 500,000 shares are to be reserved on exercise of options to be granted to employees of company. **Price**—To public, $2 per share. **Proceeds**—The first $3,000,000 will be used to purchase or organize a legal reserve life insurance company to be known as the "Reinsurance Company of the South"; the remainder will be used for other corporate purposes. **Underwriter**—Luna, Matthews & Waites.

Reno Hacienda, Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. **Underwriter**—Wilson & Bayley Investment Co.

Republic Cement Corp., Prescott, Ariz. (7/18)
April 20 filed 965,000 shares of capital stock. **Price**—$10 per share. **Proceeds**—For construction of plant, working capital and general corporate purposes. **Underwriter**—Vickers Brothers, New York.

Rogosin Industries, Ltd. (New York)
June 4 filed 75,000 shares of common stock (par $100) and $7,500,000 of 20-year 3% debentures due May 1,1976, This includes 5,000 common shares and $500,000 of debentures to be received by Beaunit Mills, Inc. in payment for rights to manufacture viscose rayon yarns. **Price**—At par or principal amount. **Proceeds**—For capital expenditures, working capital and other corporate purposes. **Underwriter**—None.

★ **Salem-Brosius, Inc.**
June 8 (letter of notification) 4,000 shares of common stock par ($2.50) to be issued to William E. Brassert, together with cash not to exceed $5,600 for licenses and formulas. **Office**—Arch St., Carnegie, Pa.—**Underwriter**—None.

★ **San Jacinto Petroleum Corp., Houston, Texas (7/13)**
June 20 filed 298,410 shares of common stock (par $1) to be offered for subscription by common stockholders of record July 12 on the basis of one new share for each four shares held. **Price** — To be supplied by amendment. **Proceeds**—To discharge certain obligations and for general corporate purposes. **Underwriter** — White, Weld & Co., New York.

Schwartz Carbonic Co., El Paso, Texas
Feb. 27 (letter of notification) 30,700 shares of common stock to be offered for subscription by stockholders on basis of 0.6158 new share for each common share held. **Price**—$7.50 per share. **Proceeds**—For expenses incident to manufacturing and sales of carbon dioxide. **Office**—1600 East Eleventh St., El Paso, Tex. **Underwriter**—None.

★ **Securities Acceptance Corp.**
June 8 (letter of notification) 5,000 shares of cumulative 5% preferred stock (par $25). **Price**—$26.25 plus accrued dividends from April 1, 1956. **Proceeds** — For working capital. **Office**—304 South 18th St., Omaha, Neb. **Underwriters** — Cruttenden & Co., Chicago, Ill.; Wachob-Bender Corp., Omaha, Neb. and The First Trust Co. of Lincoln, Neb., Lincoln, Neb.

Security Casualty Insurance Co.
May 10 (letter of notification) 30,000 shares of common stock (par 30 cents) and 90,000 shares of participating preferred stock (par 50 cents) to be offered in units of one share of common and three shares of preferred stock. **Price**—$4 per unit. **Proceeds**—For working capital, etc. **Office**—257 Josephine St., Denver, Colo. **Underwriter**—Intermountain Securities, Inc., Denver, Colo.

● **Sessions Clock Co., Forestville, Conn. (6/28)**
June 11 (letter of notification) 299,950 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For working capital. **Underwriter** — Gearhart & Otis, Inc., New York.

Shangrila Uranium Corp.
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Underwriter**—Western States Investment Co., Tulsa, Okla.

● **Sierra Pacific Power Co. (6/22)**
June 1 filed 62,576 shares of common stock (par $7.50) to be offered for subscription by common stockholders of record June 21, 1956 at the rate of one new share for each ten shares then held (with an oversubscription privilege); rights to expire on July 6, 1956. **Price**—$20 per share. **Proceeds**—To repay bank loans made for construction purposes. **Underwriters** — Stone & Webster Securities Corp. and Dean Witter & Co. (jointly).

★ **Sistersville Country Club, Sistersville, W. Va.**
June 4 (letter of notification) 194 shares of common stock and 388 shares of preferred stock to be offered to stockholders. **Price**—Both at par ($25 per share). **Proceeds**—For the repairing and remodeling of a clubhouse. **Underwriter**—None.

Skiatron Electronics & Television Corp.
March 16 filed 470,000 shares of common stock (par 10 cents). **Price** — At the market. **Proceeds** — To selling stockholders. **Underwriter**—None.

Southern Nevada Power Co. (6/25)
June 4 filed 175,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Underwriters**—William R. Staats & Co., Los Angeles, Calif.; and Hornblower & Weeks, New York.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—For expenses incident to development of oil and gas properties. **Office**—801 Washington Bldg., Washington, D. C. **Underwriter**—None.

Southwestern Resources, Inc., Santa Fe, N. M.
June 8 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—To exercise options, purchase additional properties and for general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Texas.

★ **Sperry Rand Corp. (7/10)**
June 14 filed 2,570,846 shares of common stock (par 50 cents) to be offered for subscription by common stockholders of record July 9, 1956, on the basis of one new share for each 10 shares held; rights to expire on July 25, 1956. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for capital expenditures. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Springfield City Water Co.
May 7 (letter of notification) 88,888 shares of common stock (par $10). **Price**—$13 per share. **Proceeds**—For outstanding loans, plant additions and working capital. **Office**—701 Boonville Ave., Springfield, Mo. **Underwriter**—Moody Investment Co., Springfield, Mo.

Strategic Metals, Inc., Tungstonia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co.. Salt Lake City, Utah.

Suburban Land Developers, Inc., Spokane, Wash.
Feb. 2 (letter of notification) 920 shares of 6% cumulative non-voting preferred stock ($100 per share) and 2,160 shares of common stock (par $10). **Price**—Of preferred, $100 per share; and of common, $15 per share. **Proceeds**—For improvements and working capital. **Office**—909 West Sprague Ave., Spokane, Wash. **Underwriter**—W. T. Anderson & Co., Inc., Spokane, Wash.

Sun Oil Co., Philadelphia, Pa.
April 18 filed 229,300 shares of common stock. **Price**—At the market. **Proceeds**—To selling stockholders. **Underwriter**—None.

Sweet Corp. (Utah)
May 7 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—Continental Bank Bldg., Salt Lake City, Utah. **Underwriter** — Coltharp Investment Inc., Salt Lake City, Utah.

Target Uranium Corp., Spokane, Wash.
March 1 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office** — 422 Paulsen Bldg., Spokane, Wash. **Underwriters**—Percy Dale Lanphere and Kenneth Miller Howser, both of Spokane, Wash.

★ **Tennessee Gas Transmission Co. (7/17)**
June 15 filed $30,000,000 of debentures due Jan. 1, 1977. **Price**—To be supplied by amendment. **Proceeds**—Toward payment of outstanding short-term notes issued under the Revolving Credit Agreement. **Underwriters**—Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc., all of New York.

Teton Oil & Minerals Co.
May 29 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining and drilling expenses. **Office**—750 Equitable Bldg., Denver, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Tex-Star Oil & Gas Corp., Dallas, Texas
Jan. 20 (letter of notification) 99,990 shares of common stock (par $1). **Price** — $3 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—Meadows Building, Dallas, Texas. **Underwriter** — Thomas F. Neblett, Los Angeles, Calif.

● **Thiokol Chemical Corp.**
May 28 filed 64,605 shares of capital stock (par $1) being offered for subscription by common stockholders of record June 14 at the rate of one new share for each six shares held; rights to expire on June 28. **Price**—$31 per share. **Proceeds**—To repay bank loans and for capital expenditures. **Underwriter** — Lehman Brothers, New York.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

Tunacraft, Inc., Kansas City, Mo.
Jan. 17 (letter of notification) $250,000 of 6% 12-year registered subordinated sinking fund debenture notes due Jan. 1, 1968. **Price**—At par. **Proceeds**—To reduce outstanding secured obligations. **Underwriter**—McDonald. Evans & Co., Kansas City, Mo.

● **Union Chemical & Materials Corp.**
May 25 filed 200,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriters**—Allen & Co., Bache & Co. and Reynolds & Co., Inc., all of New York. **Offering**—Expected today (June 21).

★ **Union Electric Co., St. Louis, Mo (7/10)**
June 18 filed $40,000,000 of first mortgage bonds due July 1, 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns &

Co. (jointly): Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). **Bids**—Expected to be received on July 10.

● **Union Mines, Inc. (6/27)**
May 17 filed 400,000 shares of class A stock (par 10¢). **Price**—$2 per share. **Proceeds**—To pay indebtedness and for exploration and development costs. **Office**—Grand Junction, Colo. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

Union Tank Car Co. (6/22)
June 4 filed 335,714 shares of capital stock (no par) to be offered for subscription by stockholders of record June 22, 1956 on the basis of one new share for each seven shares held; rights to expire on July 9, 1956. Warrants are expected to be mailed on or about June 22. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—Smith, Barney & Co., New York, and Blunt Ellis & Simmons, Chicago, Ill.

Union of Texas Oil Co., Houston, Texas
Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office** — San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas.

U. S. Fiberglass Industrial Plastics, Inc.
March 19 (letter of notification) 150,000 shares of convertible preferred stock (par $1) and 30,000 shares of common stock (par 10 cents) to be offered in units of five shares of preferred stock and one share of common stock first to stockholders. **Price**—To stockholders, $9 per unit; and to public, $10 per unit. **Proceeds**—For capital improvements and general corporate purposes. **Office**—Norwood, N. J. **Underwriter**—None.

● **United States Life Insurance Co. of N. Y.**
June 1 filed 650,064 shares of capital stock (par $2), of which 100,000 shares are being offered by the company for subscription by stockholders of record June 7, 1956 at the rate of one new share for each 10 shares then held; subscription warrants will expire at 3:30 p.m. (EDT) on July 9, 1956 (of the 100,000 shares, the Continental companies have agreed not to exercise their subscription warrants which total 75,006 shares). Of the remaining 550,064 shares which are presently outstanding, 310,476 shares are to be sold for the account of Continental Casualty Co. and 239,588 shares for the account of Continental Assurance Co. Continental Casualty is the owner of 510,476 shares (51.047%) and Continental Assurance Co. 240,000 shares (24%) of the outstanding United States Life Insurance Co. stock. **Price**—$26 per share. **Proceeds**—To company, to be invested in income producing securities. **Underwriters**—William Blair & Co., Chicago, Ill.; and The First Boston Corp. and Carl M. Loeb, Rhoades & Co., both of New York.

United States Shoe Corp. (6/25-26)
June 6 filed 170,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Cincinnati, Ohio. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Universal Fuel & Chemical Corp.
May 17 (letter of notification) 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—825 Broadway, Farrell, Pa. **Underwriter**—Langley-Howard, Inc., Pittsburgh, Pa.

Uranium Exploration Co., Salt Lake City, Utah
Feb. 13 (letter of notification) 77,875 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—538 East 21st South St., Salt Lake City, Utah. **Underwriter** — Pioneer Investments, Salt Lake City, Utah.

Utco Uranium Corp., Denver, Colo.
Jan. 30 (letter of notification) 200,000 shares of common stock, which are covered by an option held by the underwriter. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—310 First National Bank Bldg., Denver, Colo. **Underwriter** — Amos C. Sudler & Co., same city.

Vance Industries, Inc., Evanston, Ill.
Jan. 24 (letter of notification) 7,000 shares of common stock (par one cent). **Price**—$7 per share. **Proceeds**—To selling stockholders. **Office** — 2108 Jackson Ave., Evanston, Ill. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

Ward Industries Corp.
March 9 (letter of notification) 12,000 shares of $1.25 cumulative preferred stock, series A (par $25) and 1,500 shares of common stock (par $1) being offered in exchange for 5% cumulative preferred stock (par $100) of The Prosperity Co. on the basis of four Ward preferred shares, one-half share of Ward common stock and $1.05 in cash for each Prosperity preferred share. This offer, which is limited to acceptance by 3,000 Prosperity preferred shares, is alternative to the right to receive instead $100 per Prosperity preferred share.

★ **Washington Natural Gas Co.**
June 18 (letter of notification) 187,500 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds** — For working capital. **Office** — 217 Washington Ave., Clarksburg, W. Va. **Underwriters**—Barrett Herrick & Co., Inc., New York, N. Y. and Ross, Borton & Simon, Inc., Cleveland, Ohio.

West Jersey Title & Guaranty Co.
Jan. 23 (letter of notification) 10,000 shares of common stock (par $10) of which 8,000 shares are first to be offered for a period of 30 days in exchange for outstanding preferred stock on a 2-for-1 basis; any shares remaining will be offered to common stockholders. **Price**—$25 per share. **Office**—Third and Market Sts., Camden, N. J. **Underwriter**—None.

★ **Westchester Country Club, Inc.**
June 7 (letter of notification) 400 certificates of interest, series A. **Price**—$750 per certificate. **Proceeds**—To purchase control of Harrison-Rye Realty Corp., through purchase of latter's class B preferred and common stocks. **Office**—Harrison, N. Y. **Underwriter**—None.

Western Massachusetts Companies (6/22)
May 29 filed 102,237 shares of common stock (par $1), of which 92,237 shares are to be offered for subscription by common stockholders of record June 21 on the basis of one new share for each 12 shares held; rights to expire on July 9. The remaining 10,000 shares are to be offered to employees. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters** — The First Boston Corp. and White, Weld & Co., both of New York.

Western Securities Corp. of New Mexico
Feb. 13 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

● **Wheland Co., Chattanooga, Tenn. (6/26)**
May 23 filed $2,000,000 of convertible subordinated debentures due June 1, 1976, and 136,000 shares of common stock (par $5). Of the latter, 75,000 are to be offered for the company's account and 61,000 shares for a selling stockholder. **Price** — To be supplied by amendment. **Proceeds**—Together with proceeds from private sale of $1,500,000 4¾% first mortgage bonds and $900,000 of 3-year unsecured 4½% notes to a group of banks, will be used to retire outstanding series A and series B 5% first mortgage bonds, and for expansion program. **Underwriters**—Hemphill, Noyes & Co., New York; Courts & Co., Atlanta, Ga.; and Equitable Securities Corp., Nashville, Tenn.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Williamson Co., Cincinnati, Ohio
Feb. 20 (letter of notification) 20,666 shares of class B common stock (par $1) to be offered for subscription by class B common stockholders on a 1-for-7 basis. **Price**—$6.84 per share. **Proceeds**—For working capital. **Office**—3500 Maison Road, Cincinnati, Ohio. **Underwriter**—None.

Wilmington Country Club, Inc., Wilmington, Del.
April 2 filed $1,500,000 of non-interest bearing debentures, due 1991, to be offered to the members of the Club. **Price**—At par ($1,000 per debentures). **Proceeds**—For construction of a golf house and other improvements. **Underwriter**—None.

Woods Oil & Gas Co., New Orleans, La.
Aug. 29 filed 400,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To retire outstanding obligations. **Underwriters**—Woolfolk & Shober and Howard, Weil, Labouisse, Fredricks & Co., both of New Orleans, La. **Offering**—Tentatively deferred. Statement effective Feb. 28.

WPFH Broadcasting Co.
May 25 filed 150,000 shares of class A common stock (par $1) to be offered for account of the company; and 125,000 shares of class B common stock (par $1) for account of Paul F. Harron, President and controlling stockholder. **Price**—Of class A, $1.87½ per share; and of class B, at the over-the-counter market price at time of offering. **Proceeds**—For working capital and expansion. **Office**—Philadelphia, Pa. **Underwriter**—Boenning & Co., Philadelphia, Pa.

Wyoktah Oil & Uranium, Inc., Denver, Colo.
Nov. 10 filed 1,500,125 shares of common stock (par one cent) to be offered only to the owners of percentages of working interests in certain oil and gas leases and to the owners of certain uranium properties, and in exchange for such working interests and properties. **Price**—Shares to be valued at an arbitrary price of $4 per share. **Proceeds**—To acquire properties. **Underwriter**—None.

★ **Yale & Towne Manufacturing Co. (7/6-9)**
June 14 filed 271,167 shares of capital stock (par $10) to be offered for subscription by stockholders of record July 6 on the basis of one new share for each seven shares held; rights to expire on July 23. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Morgan Stanley & Co., New York.

● **Youngstown Sheet & Tube Co. (6/25-29)**
June 5 filed 22,977 shares of common stock (no par) to be offered in exchange for common stock of Emsco Manufacturing Co. on the basis of one share of Youngstown for each three shares of Emsco; offer will expire on Aug. 8. Youngstown presently owns 388,853 shares, representing 84.94% of the 457,786 outstanding shares of Emsco common stock.

Zapata Off-Shore Co.
May 22 filed $2,350,000 of 5½% subordinated debentures due June 1, 1971 to be offered for subscription by common stockholders. **Price**—At 100% of principal amount. **Proceeds** — For general corporate purposes. **Office** — Houston, Tex. **Underwriter**—G. H. Walker & Co., St. Louis, Mo., on a best-efforts basis.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. **Price**—Around $4.25 per share. **Proceeds** — For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

★ **American Petrofina, Inc.**
June 14 it was announced that following proposed merger with Panhandle Oil Corp., American Petrofina, Ltd. will offer to stockholders of Panhandle and Petrofina of Belgium and to Canadian Petrofina the opportunity to subscribe to additional "A" stock of American Petrofina. **Price**—$11 per share. **Underwriters**—White, Weld & Co.; Blyth & Co., Inc.; and Hemphill, Noyes & Co.

★ **Black Hills Power & Light Co.**
June 16 company applied to Federal Power Commission for authority to offer an aggregate of $300,000 of common stock for subscription by its stockholders. **Proceeds**—For new construction, etc. **Underwriter**—None.

Blackstone Valley Gas & Electric Co.
April 30 it was reported company plans to issue 25,000 shares cumulative preferred stock (par $100). **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Stone & Webster Securities Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received sometime in July.

Braniff Airways, Inc.
April 11 company authorized an offering to stockholders of 1,105,545 additional shares of common stock (par $2.50) on the basis of three new shares for each five shares held (with an oversubscription privilege). On May 24, the company announced the number of shares to be offered is expected to be reduced and the offering date extended. **Proceeds**—For general corporate purposes. **Underwriter**—F. Eberstadt & Co., New York.

California Electric Power Co.
May 14 it was announced company plans an offering of first mortgage bonds late in 1956, if market and other conditions are then favorable. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co.

Carolina Power & Light Co. (9/11)
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Sept. 11.

Carpenter Paper Co.
May 10 it was reported company is understood to be planning the sale of some additional common stock. **Underwriter**—Kidder, Peabody & Co., New York.

Central Illinois Light Co.
May 14 it was reported company plans to issue and sell $18,000,000 first mortgage bonds in 1957. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Union Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly).

Central Illinois Light Co.
May 14 it was reported company plans to issue and sell about 80,000 shares of cumulative preferred stock (par $100) later this year. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—May be Union Securities Corp., New York.

Central Illinois Public Service Co.
May 16, M. S. Luthringer, President, said the new money required to finance the company's 1956 construction program is estimated at about $5,000,000 and will be obtained from the sale of securities in the second half of this year. The class of security to be sold and the exact timing of the transaction have not been determined. It is also possible, if favorable money conditions prevail at the time, that some portion of the 1957 requirements for new money may be obtained in the second half of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Salomon Bros. & Hutzler; Blyth & Co., Inc., Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated; Equitable Securities Corp. (2) For preferred stock—Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and Union Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane. (3) For common stock—Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). Common stock will probably be offered first for subscription by stockholders.

Continued on page 46

Continued from page 45

Coastal Transmission Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for construction of a 565.7 mile pipeline system to cost $68,251,000. **Underwriters**—May be Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2)
Feb. 15 it was announced company may issue and sell $30,000,000 of debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 2.

Commercial Credit Corp.
March 12 it was reported company plans early registration of about $25,000,000 of junior subordinated debentures. **Underwriter** — Kidder, Peabody & Co. and The First Boston Corp., both of New York.

Consolidated Natural Gas Co. (8/28)
June 12 it was announced company plans to issue and sell $30,000,000 of debentures due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly) **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 28. **Registration**—Now planned for July 16.

● **Consumers Power Co.**
June 19 company filed an application with the Michigan P. U. Commission for authority to issue and sell $40,000,000 of first mortgage bonds to mature not earlier than June 1, 1986. **Proceeds**—For reduction of bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly). **Offering**—Expected in early Fall.

Copeland Refrigeration Corp. (7/23-27)
May 10 it was reported company plans to issue and sell 100,000 shares of common stock. **Proceeds**—For expansion program. **Underwriter**—Baker, Simonds & Co., Detroit, Mich. **Offering** — Expected last week in July. **Registration**—Planned for latter part of June.

Crane Co., Chicago, Ill.
F. F. Elliott, President, on March 18 stated in part: "To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary." **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co.

Detroit Edison Co.
Feb. 20, Walker L. Cisler, President stated that "tentative plans are that about $60,000,000 will be obtained from investors in 1956. Internal funds and bank borrowings will probably provide for the remainder of the $95,000,000 necessary this year to carry forward the company's program of expansion of facilities." Financing may be in form of 15-year debentures to common stockholders. **Underwriters**—None. **Offering**—Tentatively expected in October.

Dolly Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. **Underwriter**—Allen & Co., New York.

Eastern Shopping Centers, Inc.
May 7 it was announced this company has been formed to locate and develop shopping centers east of the Mississippi, the funds to come from an offering of stock, one-third to Grand Union Co. and the balance to be offered to Grand Union stockholders. **Office**—East Paterson, N. J. **Underwriters**—Morgan Stanley & Co. and W. E. Hutton handled new financing by Grand Union Co. in 1954.

Eternalite, Inc., New Orleans, La.
May 28 it was reported company plans to issue and sell about 200,000 shares of class A stock. **Price** — Around $4.50 per share. **Underwriter** — Vickers Brothers, New York.

Fairchild Camera & Instrument Corp.
June 11, John H. Clough, President, announced that working capital financing will be required in the near future. **Underwriter**—Glore, Forgan & Co., New York.

First Pennsylvania Banking & Trust Co.
June 8 the Bank offered to its stockholders 202,800 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held as of May 28; rights to expire on June 22. **Price** — $41 per share. **Proceeds** — To increase capital and surplus. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co., both of New York City.

General Acceptance Corp.
April 2 it was reported company plans to issue and sell $15,000,000 of debentures due in 1966, $10,000,000 of capital debentures due in 1971 and about $3,500,000 of common stock. **Underwriters**—Paine, Webber, Jackson & Curtis and Union Securities Corp. **Registration**—Expected late in May.

General Contract Corp., St. Louis, Mo.
April 18 it was announced that company plans $5,000,000 additional financing in near future. **Proceeds**—To go to Securities Investment Co., a subsidiary. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. It is also possible that a new issue of common stock will be offered for subscription by common stockholders before April, 1957. **Proceeds**—To repay bank loans, etc., and for construction program.

General Tire & Rubber Co.
Feb. 24 stockholders approved a proposal to increase authorized common stock to 2,500,000 from 1,750,000 shares and the authorized preference stock to 1,000,000 from 350,000 shares; also a proposal that any issue of debentures may include a privilege to convert into common stock and permit the company to issue warrants to purchase common stock, provided the total that may be outstanding at any one time does not exceed 600,000 shares. [The company expects to issue 23,000 additional preference shares—5,000 for acquiring stock and property and 18,000 for cash. Having completed long-term borrowing negotiations of $30,000,000 from insurance companies, the company expects to sell not more than $15,000,000 in debentures.] **Underwriter**—Kidder, Peabody & Co., New York.

Houston Texas Gas & Oil Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for permission to construct a 961 mile pipeline system to cost $105,836,000. **Underwriters**—May be Blyth & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

● **Illinois Power Co. (7/24)**
June 18 it was reported company may issue $20,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman, Ripley & Co. Inc. and Glore, Forgan & Co. (jointly); Union Securities Corp. **Bids**—Expected to be received on July 24. **Registration**—Planned for June 27.

Inland Steel Co.
April 26, Joseph L. Block, President, disclosed company will seek additional financing through sale of equity stock (the method and amount has not yet been determined). **Proceeds**—For expansion program. **Underwriter**—Kuhn, Loeb & Co., New York.

Johns-Manville Corp.
March 9, Leslie M. Cassidy, Chairman, said the corporation is studying possibilities for expansion that could require financing, adding that the management had no definite plan for the issuance of additional stock other than those required for the two-for-one split but "the situation could change."

Jersey Central Power & Light Co.
Feb. 6 it was reported company may in July 1956, issue and sell $9,000,000 first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated.

Kaiser Steel Corp.
May 21 it was announced that the company is arranging to borrow $100,000,000 from institutional investors to finance its new major expansion program to involve approximately $113,000,000. **Underwriter**—The First Boston Corp., New York.

Kansas City Power & Light Co.
April 24 stockholders approved a proposal increasing bonded indebtedness of the company by $20,000,000. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined (probably not until first half of 1957).

Kansas Power & Light Co.
March 21 it was reported company may soon offer additional common stock to common stockholders on a 1-for-10 basis. **Underwriter**—The First Boston Corp., New York.

Kimberly-Clark Corp., Neenah, Wis.
Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. **Proceeds**—To be used to pay for further expansion, estimated to cost an additional $37,000,000. **Underwriter**—Blyth & Co., Inc., New York.

Kirsch Co., Sturgis, Mich.
May 29 it was reported company plans early registration of 120,000 shares of common stock. **Proceeds**—To selling stockholders. **Underwriter**—Cruttenden & Co., Chicago, Ill.; and Smith, Hague, Nogle & Co., Detroit, Mich.

Long Island Lighting Co.
April 17 it was announced company plans to issue and sell next Fall $20,000,000 to $25,000,000 first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Blair & Co., Incorporated and Baxter, Williams & Co. (jointly); Smith, Barney & Co.

Metropolitan Edison Co.
Feb. 6 it was reported that company is considering the sale of additional first mortgage bonds later this year. (probably about $5,000,000 — in June or July). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

Metropolitan Edison Co.
April 16 it was reported company may issue in June or July, depending upon market conditions, about $5,000,000 of preferred stock (in addition to about $5,000,000 of bonds). **Underwriter** — For preferred stock also to be determined by competitive bidding. Probable bidders: Smith, Barney & Co. and Goldman, Sachs & Co. (jointly); Salomon Bros. & Hutzler; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

Michigan Bell Telephone Co.
April 19 company applied to the Michigan P. S. Commission for permission to issue and sell $30,000,000 of 40-year debentures later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Michigan, Wisconsin Pipe Line Co.
June 12 it was announced company plans to issue and sell this Summer $25,000,000 of first mortgage bonds due 1976. **Proceeds**—For expansion program. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Blyth & Co., Inc.

Minneapolis Gas Co.
April 16 stockholders approved an increase in the authorized common stock (par $1) from 1,700,000 shares to 2,500,000 shares. Previous offer to stockholders was underwritten by Kalman & Co., St. Paul, Minn.

National Steel Corp.
March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of $200,000,000. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly).

New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New York Central RR.
Bids were received by the company up to noon (EDT) on June 5 for the purchase from it of $6,600,000 equipment trust certificates, due annually from Dec. 15, 1956 to 1970, inclusive. [These certificates had been purchased by Despatch Shops, Inc., a subsidiary, on Dec. 28, 1955.] The bids were rejected.

North American Aviation, Inc.
June 8, it was announced company plans to offer to its stockholders rights to subscribe for additional capital stock (following proposed 2-for-1 split up to be voted upon Aug. 3). **Underwriter**—Morgan Stanley & Co., New York.

● **Northern Indiana Public Service Co.**
March 13 it was reported company plans to spend about $52,000,000 for new construction in 1956 and 1957 ($29,000,000 in 1956 and $23,000,000 in 1957). Of the total about $30,000,000 will be obtained from new financing, a part of which is expected to include about $14,846,200 of preference preferred stock to be offered first to common stockholders. **Underwriters** — For any preferred stock, Central Republic Co. Inc., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly). Bonds may be placed privately.

Northern Natural Gas Co.
March 12 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debt securities and treasury funds. **Underwriter**—Probably Blyth & Co., Inc.

Northern States Power Co. (Minn.)
Jan. 19 it was announced company plans to issue and sell later this year $20,000,000 of first mortgage bonds due 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); and Glore, Forgan & Co.

Norwalk Truck Lines, Inc.
June 5 it was announced company has applied to the ICC for authority to issue and sell $2,000,000 10-year 5% convertible debentures (to be convertible into class B common stock, par $1, beginning June 15, 1957). **Proceeds**—About $1,000,000 for working capital and the remainder to be advanced to Shirks Motor Express Corp., Lancaster, Pa. **Underwriter** — The Ohio Company, Columbus, Ohio.

Offshore Gathering Corp., Houston, Texas
Nov. 18 David C. Bintliff, President, announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. **Type** of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Oklahoma Gas & Electric Co.
May 17 stockholders voted to increase the authorized preferred stock from 240,000 shares to 500,000 shares and the authorized common stock from 3,681,000 shares to 5,000,000 shares. Company has no immediate plan to do any equity financing. **Underwriters**—(1) for any common stock (probably first to stockholders) — Merrill Lynch, Pierce, Fenner & Beane. (2) For preferred stock, to be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.

Pacific Northwest Pipeline Corp.
March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par $1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—$10 per share. **Proceeds**—Together with funds from private sale of $35,000,000 additional first mortgage bonds, and $10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. **Registration** — Expected soon.

Pacific Telephone & Telegraph Co. (8/21)
May 31 the company sought approval of the California P. U. Commission to issue and sell $78,000,000 of 32-year debentures due Aug. 15, 1988. **Proceeds**—To reduce temporary borrowings and for capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively scheduled to be received up to 8:30 a.m. (PDT) on Aug. 21. **Registration** — Expected July 27.

Pacific Telephone & Telegraph Co.
May 31 company sought authority from the California P. U. Commission to offer 1,562,267 additional common shares to common and preferred stockholders on a 1-for-6 basis. American Telephone & Telegraph Co. owns an aggregate of 89.6% of the preferred and common stock. **Price**—At par ($100 per share). **Proceeds** — To repay temporary borrowings and for new construction. **Underwriter**—None.

Pan Cuba Oil & Metals Corp. (Del.)
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

Public Service Electric & Gas Co.
April 16, Lyle McDonald, Chairman, estimated that requirements for new capital this year will be approximately $80,000,000 to $85,000,000. The types and amounts of the new securities to be issued and the time of sale have not been determined. **Proceeds**—To help finance construction program. **Underwriters**—For any debenture bonds — may be determined by competitive bidding; probable bidders include Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly).

Rochester Gas & Electric Corp.
May 16 stockholders approved a proposal to increase the authorized preferred stock by 100,000 shares (par $100), of which it is planned to issue 50,000 shares later in 1956. **Underwriter** — The First Boston Corp., New York.

Rochester Telephone Corp.
May 28 it was reported company has applied to the New York P. S. Commission for authority to issue and sell 40,000 shares of cumulative preferred stock (par $100). **Underwriter**—The First Boston Corp., New York.

South Carolina Electric & Gas Co.
March 9, S. C. McMeekin, President, announced that it is expected that $10,000,000 of new money will be required in connection with the company's 1956 construction program. The company proposes to obtain a part of its new money requirements from the sale of $5,000,000 of preferred stock and the balance from the private sale of $5,000,000 principal amount of bonds. **Underwriter**—Kidder, Peabody & Co., New York.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Electric Generating Co.
May 18, it was announced that this company, 50% owned by Alabama Power Co. and 50% by Georgia Power Co., subsidiaries of Southern Co., plans to issue debt securities. **Proceeds**—Together with other funds, to construct and operate a $150,000,000 steam electric generating plant on the Coosa River in Alabama. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly); Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.

Southern Union Gas Co.
April 19 it was announced company is considering issuance and sale to stockholders later this year of some additional common stock on a pro rata basis (with an oversubscription privilege). **Underwriter**—None.

Southwestern Resources, Inc.
May 15 it was reported that the company plans to issue and sell 1,000,000 shares of common stock. **Price**—Around $5 per share. **Underwriters** — Southwestern Securities Co., Dallas, Tex.; and Mountain States Securities Corp., Denver, Colo.

Spencer Telefilm Corp., Beaumont, Texas
Jan. 16 it was announced company plans to offer publicly to Texas residents 75,000 shares of capital stock. **Price**—$1.50 per share. **Business**—To produce, sell and distribute syndicated films for television. **Underwriter**—Porter-Stacy Co., Houston, Tex.

Stevens (J. P.) & Co., Inc.
May 28 it was announced company plans to offer publicly sometime this summer $30,000,000 of debentures. **Proceeds**—To repay short-term bank loans and for general corporate purposes. **Underwriter**—Goldman, Sachs & Co., New York.

Super-Crete, Ltd., Boniface, Manitoba, Canada
May 14 it was reported company plans sale of 255,000 shares of common stock late in June. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.
sell some additional stock (probably at the end of May),

Tampa Electric Co. (10/1)
Feb. 18 it was reported company may issue and sell around Oct. 1, $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Goldman. Sachs & Co.; Kidder, Peabody & Co.

Tennessee Gas Transmission Co.
May 10, Gardiner Symonds, President, announced that company plans to sell $30,000,000 of debentures in July (see a preceding column) and about $50,000,000 of mortgage bonds late in the third quarter or early in the fourth quarter of 1956. **Proceeds**—For expansion program. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

Transcontinental Gas Pipe Line Corp.
April 17, Tom P. Walker, President, announced that negotiations had been completed for the sale of $40,000,000 first mortgage pipe line bonds in May and $20,000,000 of debentures in November. May be placed privately. **Proceeds**—To retire presently outstanding $60,000,000 bank loan.

U-Kan Minerals, Inc. (Kansas)
May 28 it was reported company plans issue and sale of 600,000 shares of common stock. **Proceeds**—For oil and mineral development. **Underwriter** — E. R. Bell Co., Kansas City, Mo.

United Illuminating Co., New Haven, Conn.
May 29, William C. Bell, President, announced that the company proposes to issue not more than $12,500,000 of cumulative preferred stock (par $100), out of a proposed authorized issue of $20,000,000. The stockholders will vote June 28 on approving the proposed financing. **Proceeds** — Together with short term bank loans, will be used to complete the 1956 to 1958 construction program. **Underwriter** — Chas. W. Scranton & Co., New Haven, Conn.

United States Rubber Co.
May 25 it was announced that stockholders will vote June 29 on amending the company's certificate of organization permitting it to issue convertible debentures, which would first be offered for subscription by common stockholders. It is estimated that $50,000,000 to $60,000,000 of new funds will probably be required. **Proceeds**—For maintenance of its business and properties and for working capital. **Underwriter**—Kuhn, Loeb & Co., New York.

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

Vita Food Products, Inc., New York
June 4 it was reported offering is expected in near future of over 70,000 shares of common stock. **Underwriter**—Granbery, Marache & Co., New York. **Registration**—Expected soon.

★ Washington Gas Light Co.
June 7 it was announced company proposes to finance proposed new construction of pipeline in Virginia to cost about $3,380,000 from funds generated by operations, sale of common stock and temporary bank borrowings. **Underwriter** — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Washington Natural Gas Co.
May 23 it was reported company plans to issue and sell about 187,500 shares of common stock. **Underwriter**—Barrett Herrick & Co., New York.

Our Reporter's Report

The law of supply and demand remains a ruling force and guiding medium wherever it is allowed to operate naturally judging by some developments in the issue markets these days.

The supply of corporate debt securities appears to be ample for current demand. But every so often along comes a particular situation and demand develops in surprising manner.

And the matter of price appears to matter little when the merchandise being offered has the right appeal for prospective purchasers. A case in point is the offering of 79,213 shares of Rohm & Haas common stock.

This stock represents part of the alien assets seized by the U. S. Government during World War II and put up for sale, for the account of the Office of Alien Property, by the Attorney General of the U. S.

Presumably realizing the wide demand which would be found for the shares of this former German enterprise, several banking groups were in the bidding and competition was keen.

The successful group put a price tag of $440 a share on the stock for reoffering after the sale had been cleared by the necessary agencies.

Rush of Buyers

Even before the sale to bankers had been formalized it was apparent that the stock being offered would encounter satisfactory demand.

Naturally with a price tag such as it carried the stock was not expected to appeal to the run-of-the-mine investor. But institutions came in with orders in a large way.

Even the insurance companies, which have been comparatively cool to new corporate debt offerings over a lengthy spell, were seeking to pick up the Rohm & Haas Co. shares.

Pension funds and other fiduciary institutions added the weight of their orders to the demand.

ATT Issue Hibernates

As expected American Telephone & Telegraph Co. sent its big issue, $250,000,000 of 34-year debentures into registration with the Securities and Exchange Commission this week.

This offering, which will be sold without prior rights to stockholders, is expected to be up for bids early next month. Presumably the proximity of this offering is one of the things that has been acting as a bit of a "brake" on recent emissions.

Once again it appears to be a case of the debt securities market being a bit under wraps while offerings of new equities seem to move out well in spite of the lack of enthusiasm in the secondary markets.

Reception Is Good

This week's new issues, the bulk of which came to market yesterday, met a rather good reception. The Commonwealth of Australia's $25 million of dollar bonds went out quickly with foreign demand reported on a substantial scale.

Combustion Engineering Inc.'s debentures also were well received and reported moving out in satisfactory manner aided no little by the conversion feature attached.

Generally speaking dealers reported a bit better tone around the market place though it appeared slow to develop into actual demand on a broad scale.

An Institutional Investor Comments On Recent Flotations

Editor, Commercial and Financial Chronicle:

I always read, with interest, the column: "Our Reporter's Report" which is very interesting and informative.

In the June 7 issue, comment was made comparing the flotation of Household Finance Corporation debentures and Commonwealth Edison Company first mortgage bonds, which apparently stressed the yield and sinking fund on Household debentures as being the reason for the contrast in the way the two issues sold.

From the point of view of an institutional investor, one very important point was omitted, and that is that Household Finance Corporation debentures are non-callable for five years. I believe that the Commonwealth Edison issue would have had a much better initial reception if it had also had a period of non-callability.

WM. L. PHILLIPS,
Vice-President
The Mutual Benefit
Life Insurance Company,
300 Broadway,
Newark 4, N. J.
June 14, 1956

Harry W. Peters Opens

GRAND JUNCTION, Colo. — Harry W. Peters is engaging in a securities business from offices at 411 Main Street.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Gerald A. Doyle has become affiliated with Goodbody & Co., 140 Federal St.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Joseph Santoro is now with Palmer, Pollacchi & Co., 84 State Street.

Joins Spencer Trask

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Pendleton C. Keiler has been added to the staff of Spencer Trask & Co., 50 Congress Street.

Mutual Funds

By ROBERT R. RICH

S.E.C. to Enjoin Annuity Sale

The Securities and Exchange Commission announced June 19 the filing of a complaint in the United States District Court for the District of Columbia to enjoin the Variable Annuity Life Insurance Company of America, Inc. ("VALIC") from violating the registration provisions of the Securities Act of 1933 and the Investment Company Act of 1940, in connection with the sale of contracts described as "variable annuity contracts." VALIC is a corporation organized under the laws of the District of Columbia pertaining to the incorporation of insurance companies and has its principal place of business in Washington, D. C.

The Commission has been studying the applicability of the statutes that it administers to VALIC's contracts for a number of months. This study has been in line with the Commission's responsibility, under the Securities Act, to protect investors, by requiring prior registration of, and the delivery of a prospectus containing material information concerning securities that are publicly offered. The study has related also to the Commission's responsibility to regulate investment companies under the Investment Company Act for the protection of investors in such securities. While proposals have been made elsewhere for the issuance of so-called "variable annuities," this is the only case thus far presented to the Commission for its consideration.

Under its "variable annuity" contracts, VALIC is not obligated to pay a fixed sum periodically as are issuers of conventional annuities. Under the contracts issued by VALIC, periodic sums varying in amount would be payable depending upon the value of an underlying fund invested in common stocks and other equity type investments. The complaint alleges that the VALIC contract constitutes an investment contract and a certificate of interest or participation in a profit-sharing agreement within the definition of the term "security" contained in the Securities Act of 1933 and that the offer and sale of such contracts is subject to the registration provisions of that Act. Another allegation of the complaint is that VALIC, or in the alternative the funds which it administers, is primarily engaged in the business of investing, reinvesting and trading in securities within the definition of an "investment company" contained in the Investment Company Act of 1940 and that VALIC, or the funds administered by it, is subject to the registration provisions of that Act.

The Commission's action does not involve questions as to whether VALIC should be exempted by order from various substantive provisions of the Investment Company Act of 1940 but is restricted to the applicability to VALIC of the registration requirements of the Investment Company Act and of the Securities Act of 1933.

Wellington Fund Travels by Bus

ATLANTIC CITY, N. J.—What is believed to be the first color "spectacular" advertisement of mutual funds on the outside of a city bus or street car made its appearance in Atlantic City recently.

Bus number 3913, serving Atlantic Avenue, this resort's main thoroughfare, now carries a 37½-square foot color display advertisement of Wellington Fund's oval trademark along its left side. The bus makes 12 round trips daily, covering approximately 150 miles of the Avenue. Racks in this and other buses operated by the Atlantic City Transportation Company carry self-addressed Wellington literature request cards to tie-in with the display.

L. O. Thomas & Co., members of the Philadelphia - Baltimore Stock Exchange, with offices at 1301 Atlantic Avenue, is sponsoring the Wellington advertisement.

The securities firm timed the Wellington advertisement to coincide with the start of the summer season when Atlantic City plays host to millions of vacationers. Luther Thomas, head of L. O. Thomas & Co., figures that in addition to the city's normal population of 100,000 approximately 15,000,000 visitors come to the resort each year and either shop or stroll on Atlantic Avenue sometime during their stay in the city.

Fund Analyst Sees 35% Gain For Our Output

Gross national product, the thermometer used by economists to measure the nation's economic health, is currently at record levels around $400 billion "and there is a reasonable expectation that it will increase about 35% in the next 10 years," Edmund A. Mennis, senior security analyst of Welling Fund, stated.

Among the factors listed by Mr. Mennis for a larger gross national product a decade from now were: population growth; the great revolution in income distribution that has resulted in the creation of a vast middle-income market with an enormous demand for the conveniences and comforts of life and the leisure time to enjoy them; the tremendous spending of business for modern equipment to meet this increased consumer demand and to offset the higher costs of doing business, especially higher wages.

Addressing a meeting of the Rotary Club of Philadelphia, Mr. Mennis said that economists, using gross national product, have developed two types of business forecasts—one for the long-term look and the other for the short-term problem.

The Wellington official said that "the long-term look does not attempt to say where we will be specifically at any given point in the future, but considers rather the path that we are following because of certain basic forces at work. It is, if you will, the trends that shape our future.

"The short-term problem is one that concerns us more and one that is much more difficult to forecast. What we are attempting to do is pinpoint with a fair degree of accuracy the fluctuation around the long-term trend for a period of six months or so in the future. If we get much beyond six months an attempt to forecast our position relative to our trend becomes relatively fruitless because of the many variables at work," the Wellington analyst stated.

For the short-term, Mr. Mennis indicated that the economy probably would follow a path of relative stability, with a moderate dip in the third quarter of this year and in the latter part of the year an upward movement extending into 1957.

The things to watch are consumer spending for durables — automobiles, appliances and homes—and business spending for plant, equipment and inventories. Any significant drop in these areas would require a modification of his relatively optimistic short-term forecast, Mr. Mennis said.

I D S Sales Top Records

All monthly sales records in the 62-year history of Investors Diversified Services, Inc., were topped in May, when sales reached $91,002,466, Joseph M. Fitzsimmons, President, announced.

Gross dollar volume of sales of four mutual investment funds managed and distributed by IDS totaled $32,568,410. The funds, all affiliates of IDS, are Investors Mutual, Inc., Investors Stock Fund, Inc., Investors Selective Fund, Inc., and Investors Group Canadian Fund Ltd.

Total maturity value of face-amount instalment certificates purchased by individual investors during May amounted to $58,434,-056. These certificates were issued by Investors Syndicate of America, Inc. and Investors Syndicate Title & Guaranty Company, New York, both IDS subsidiaries.

T V Viewers to Look At Taped Film

Television viewers will get their first good look at tape-recorded programs this summer, according to the June issue of "Keeping Up," pubilshed by the $123 million Television-Electronics Fund.

The CBS network, the publication states, has three pre-production prototype models of the Ampex recorder which it "hopes to put in service by mid-summer." The publication added that CBS Western Vice - President Howard S. Meighan has revealed orders for seven more black-and-white Ampex video tape recorders "for installation in the Spring of 1957" at CBS' Hollywood TV City.

Quoting Mr. Meighan, the publication said: "A tape-recorded TV program should cost no more than a live program. A TV show recorded on motion picture film, on the average, cost $10,000 more than a live show."

Final Hearings Set on Variable Annuity Bills

Final public hearings on the variable annuity legislation now pending in the New Jersey State legislature will be heard tomorrow from 11 a.m. to 4:30 p.m. The bills, which have already passed the State Assembly, will permit New Jersey insurance companies to offer the public an annuity backed by common stock investments rather than by the historic mortgage and bond holdings contained in annuity portfolios to date.

The legislation, sponsored by the Prudential Insurance Co. of America, second-largest insurance company in the United States, will be the subject of opinion at the hearings by G. Keith Funston, President, New York Stock Exchange; Edward T. McCormick, President, American Stock Exchange; Hugh W. Long, for the National Association of Investment Companies; Gordon Calvert, for the Investment Bankers Association; John Lindsay, for the National Association of Securities Dealers; and Frederic W. Ecker, Metropolitan Life Insurance Company, who also opposes the bills.

Expected to appear in testimony in favor of the legislation is Carroll Shanks of Prudential Insurance Co. of America and repre-

sentatives of the Mutual Life Insurance Company of New York.

It is now thought that the annuity bills, which would provide the greatest competition ever to confront the mutual fund industry, will pass the State Senate this summer and be signed by the Governor.

Mutual fund proponents, who oppose the bills because they would allow the variable annuity holders a tax advantage not granted to mutual fund shareholders and because they would not be subject to the advertising restrictions imposed on the sale of mutual fund shares, were heartened by the Securities and Exchange Commission action this last week in which it appealed to a court of law for a decision as to whether a variable annuity was or was not a security, and hence under its jurisdiction.

Cattle Business Also Benefits From Atomic Energy

Although the association of atomic energy with the cattle industry appears somewhat incongruous, the latter industry has already benefited in many ways by the application of atomic developments, according to the current edition of "Atomic Activities," published by National Securities & Research Corporation.

The solution of such basic problems as animal nutrition and growth, resistance to disease, selection of the best breeds for specific environment, and the sterilization of meat, is now made possible by atomic energy equipment called particle accelerators and by radioisotopes, a class of elements and chemical compounds obtained as by-products from atomic reactions, the publication said.

"These radioisotopes all exhibit the same vital characteristic—the ability to emit energy which can be detected and traced wherever the isotopes migrate," Robert Colton, Manager of the Atomic & Electronics Division of National Securities, reported. Therefore, he added radioisotope compounds are called tracer materials because they can be used to trace animal physiological reactions or agricultural growth.

Citing a specific example, Mr. Colton pointed out that the element molybdenum now is known to be essential to animal as well as plant growth as a result of experiments with radioactive molybdenum. "In compound form this isotope of molybdenum was traced to an important enzyme in cows' milk after radioactive molybdenum was given to a cow," he said. Thus it was conclusively proved, he added, that molybdenum is an essential ingredient to normal enzyme development in dairy cows and must be included in normal diet.

In another experiment, the relationship of cobalt to vitamin B-12 was proved, thus helping to solve some mysteries about the synthesis of vitamin B-12 by ruminants, Mr. Colton stated. By the oral administration of radioactive cobalt, it was proved that vitamin B-12 is synthesized in the rumen and that the feeding of cobalt compounds radically corrected vitamin B-12 deficiencies, he said.

Commenting on other uses of atomic developments in the cattle industry, Mr. Colton said: "Perhaps of even more basic importance is the use of radioactive iodine to help evaluate which breeds of cattle are best suited for different environments. The most heat-resistant animals appear to have a lower thyroid activity, a physiological function which can be evaluated by the use of radioactive iodine. Since the thyroid has an affinity for iodine, it is a fairly simple procedure to inject the animal with a radioactive iodine solution and then measure the amount which goes to the thyroid, which in turn is related to thyroid activity."

Cold sterilization of meat is another promising application of atomic energy which may ultimately affect the cattle industry, the publication said. Much work still remains to be done on the perfection of cold sterilization of meat by means of irradiation with energy from radioisotopes or particle accelerators to kill organisms which cause meat to spoil, but substantial progress already has been made, it stated.

Joins White Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — William J. Morrison has become associated with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

With West Fla. Secs

(Special to The Financial Chronicle)

TALLAHASSEE, Fla. — Doyle W. Manley is now with West Florida Securities Company, Inc.

Uninterrupted Growth for the Chemical Industry Forecast

Predictions of sales increase by 5%, improved earnings, and substantial earnings in 1956 as compared to 1955 are made in Manufacturing Chemists' Board of Directors report, which also foresees bright long-range picture for the chemical industry.

Depicting an estimated 5% increased sales growth for 1956, the Annual Report of the Board of Directors of the Manufacturing Chemists' Association states:

"The chemical industry solidified its position as one of the nation's top ranking industries during the year just passed. Moreover for 1956, according to all economic indicators, the industry will be characterized by continued favorable conditions in production, sales, earnings, and expansion. Because of its basic nature, diversification, and constant stream of new products from research, the chemical industry has consistently outgained other major industries during recent years. It is being looked upon more and more as the pace setter and barometer for general industrial output. The record for calendar 1955 certainly justifies this viewpoint.

"Sales of chemicals and allied products for 1955 amounted to $23.025 billion, a gain of 17.7% over the previous year, according to the U. S. Department of Commerce. This is the highest increase since 1950, when the net sales gain over the previous year was 23%. The industry's production index as reported by the Federal Reserve Board average 167 for 1955 as against 148 for 1954—an increase of 19 points (1947-49 = 100). The index for industrial organic chemicals average 186 for 1955 and 180 for basic inorganic chemicals, representing increased production by 34 and 23 points respectively, over 1954. Both production and sales were at their 1955 peak during the month of November.

1955 Growth Continuing

"The trend of growth continued into 1956 at a rate of approximately 7% greater than the first quarter of 1955. The trend indicates a continuation for chemical sales on a fairly stable level during the first six months of 1956, with a probable advance for the year of about 5% over and above the 1955 rate. Based upon the record for the first quarter of 1956, the earnings factor for the year should show an improvement over 1955.

"Expenditures for new plant and equipment during 1955 were still above the $1 billion mark as during each of the past four years, although the amount was about 10% lower than the previous year. This was occasioned partly by the fact that construction under certificates of necessity pursuant to the Government's accelerated tax amortization program reached a peak in 1953 and has since declined. Although scheduled capital outlays by chemical producers indicate a slight decline during early 1956, it is expected that this trend will be reversed for the year as a whole and that the capital expansion program for 1956 will exceed that for 1955 by a substantial amount. During 1955 the chemical industry spent on new plant and equipment an amount equal to $1,850 per production worker, as compared with an expenditure of approximately $900 for all manufacturing.

"Data previously referred to, covering production, sales and expansion for the past 10 years are set forth in Table 1. Table 2 lists a comparison of employment, hours and earnings, and wholesale price indexes for the chemical industry versus all manufacturing. It will be noted from this table that the BLS Wholesale Price Index for chemicals declined during the year, in the face of a substantial increase for the all manufactured products index.

Future Expansion Expected

"It is reasonable to assume that this healthy expansion will extend into the future, provided the policies of Government continue to be favorable to private enterprise and our industry leadership continues to provide the invaluable foresight it has evidenced in past years. The chemical industry is constantly developing new products, many of which are competitive with and often better than those products which they are designed to replace. Our constantly expanding population at home and the trends inherent throughout the world provide the incentive — and markets — for an increasingly expanding distribution of our products. The long-range picture for the chemical industry is bright. And the potential of the American chemical industry will be further enhanced provided new challenges are met with the wisdom displayed in dealing with previous ones.

"Your directors feel that the Association's program and corresponding service have kept pace with the continuing advance of the industry which it represents. Steps were taken during the past year to organize committees and institute activities in three new fields—atomic energy, education, and mechanical equipment improvement—all of substantial importance to our members. An extensive program of technical, legislative, and public relations activities has been carried out and is described in later pages of this report. In administering this over-all program, the Association has continued to utilize the technical and functional committee approach, drawing able and experienced personnel from its member companies to formulate and execute the responsibilities and actions initiated. This policy has enabled the Association to keep its full-time staff at minimum size and, at the same time, maintain the flexibility required of the MCA organization."

TABLE 1

Calendar Year	Production Index 1 (1947-49 Av.=100)	Sales 2	Expenditures for New Plant and Equipment 3
1946	N.A.	$10,985,000,000	$ 800,000,000
1947	97	13,698,000,000	1,060,000,000
1948	103	14,366,000,000	941,000,000
1949	101	13,317,000,000	670,000,000
1950	121	16,428,000,000	771,000,000
1951	136	18,425,000,000	1,247,000,000
1952	137	18,092,000,000	1,386,000,000
1953	147	19,304,000,000	1,428,000,000
1954	148	19,556,000,000	1,130,000,000
1955	167*	23,025,000,000*	1,016,000,000*

*Preliminary.
1 SOURCE: Federal Reserve Board.
2 SOURCE: U. S. Department of Commerce.
3 SOURCE: Securities and Exchange Commission.

TABLE 2

Comparison of Employment, Hours Worked and Earnings, 1947-1955
Chemical Industry vs. All Manufacturing

Year	Average No. of Production Workers: Chemicals & Allied Products	Average No. of Production Workers: All Manufacturing	Average Hours Per Week: Chemicals & Allied Products	Average Hours Per Week: All Mfg.	Average Hourly Earnings: Chemicals & Allied Products	Average Hourly Earnings: All Mfg.	Average Weekly Earnings: Chemicals & Allied Products	Average Weekly Earnings: All Mfg.
1947	525,000	12,795,000	41.5	40.4	$1.23	$1.24	$51.13	$49.97
1948	522,000	12,715,000	41.5	40.1	1.36	1.35	56.23	54.14
1949	484,000	11,597,000	41.0	39.2	1.43	1.40	58.63	54.92
1950	494,000	12,317,000	41.5	40.5	1.51	1.47	62.67	59.33
1951	535,800	13,155,000	41.6	40.7	1.63	1.59	67.81	64.71
1952	536,900	13,144,000	41.2	40.7	1.71	1.67	70.45	67.97
1953	552,500	13,833,000	41.3	40.5	1.83	1.77	75.58	71.69
1954	531,700	12,588,000	41.1	39.7	1.91	1.81	78.50	71.86
1955	547,700	13,061,000	41.4	40.7	1.99	1.88	82.39	76.52
March* 1956	570,000	13,199,000	40.9	40.3	2.06	1.95	84.25	78.59

Wholesale Price Indexes (1947-49 = 100)

	1947	1948	1949	1950	1951	1952	1953	1954	1955	March* 1956
Chemicals & allied products	101.4	103.8	94.8	96.3	110.0	104.5	105.7	107.0	106.6	106.5
All products other than farm products & foods)	95.3	103.4	101.3	105.0	115.9	113.2	114.0	114.5	117.0	121.0

*Preliminary.—SOURCE: Bureau of Labor Statistics.

Floyd D. Cerf, Jr. Co. Offers Dryer Common

Floyd D. Cerf, Jr. Co., Chicago, Ill., and Miami, Fla., on June 20 offered publicly "as a speculation" an issue of 99,000 shares of common stock (par 50 cents) of Dryer Co. of America, Inc. at $2.50 per share. Of the shares offered, 90,000 shares are to be for the account of the company.

The net proceeds to be received by Dryer Co. are to be used to purchase machinery and equipment, pay for improvements to plant facilities, and used for working capital and other corporate purposes.

Dryer Co. of America, Inc., was organized in Pennsylvania on Aug. 25, 1952. The company, as of Feb. 28, 1956, acquired all of the outstanding stock of American Dryer Corp., national sales distributor for the company's products. The principal office of the company is located at 1324 Locust St., Philadelphia, Pa.

The principal business of the company consists of the production and sale of a line of electric hand and hair dryers under the trade name of American Dryer. The company was the first in the field to produce a dryer with a built-in General Electric Ozone System to freshen the air and destroy objectionable odors. The company is the only producer of the dual nozzle drier which has proved valuable in speeding up traffic in rest rooms subjected to continuous heavy use. The company plans to add to its line of dryers, a wall mounted and a portable type, face, hand and hair dryer for home use.

The company, through its Reddi-Lite Division, markets a line of emergency light units and related accessories. The unit provides instant automatic emergency lighting when the normal lighting system blacks out because of current failure.

Morgan Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Jack H. Gray has been added to the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Gray was previously with Hill Richards & Co.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	June 24	§95.7	*93.4	97.3	95.0
Equivalent to—					
Steel ingots and castings (net tons)	June 24	§2,355,000	*2,299,000	2,396,000	2,292,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 8	6,997,650	7,037,050	7,028,950	6,600,250
Crude runs to stills—daily average (bbls.)	June 8	¶8,029,000	8,072,000	7,911,000	7,522,000
Gasoline output (bbls.)	June 8	27,142,000	27,218,000	26,403,000	25,985,000
Kerosene output (bbls.)	June 8	2,140,000	1,978,000	2,263,000	1,579,000
Distillate fuel oil output (bbls.)	June 8	12,092,000	12,580,000	11,462,000	11,755,000
Residual fuel oil output (bbls.)	June 8	8,041,000	8,319,000	8,244,000	7,956,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 8	184,409,000	184,870,000	187,708,000	166,233,000
Kerosene (bbls.) at	June 8	22,903,000	21,879,000	19,332,000	27,032,000
Distillate fuel oil (bbls.) at	June 8	80,637,000	77,399,000	64,945,000	88,414,000
Residual fuel oil (bbls.) at	June 8	36,742,000	35,836,000	33,119,000	45,194,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 9	787,075	719,209	777,606	781,938
Revenue freight received from connections (no. of cars)	June 9	631,141	636,111	665,911	650,943
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 14	$511,922,000	$250,213,000	$300,211,000	$327,950,000
Private construction	June 14	319,619,000	116,022,000	137,096,000	192,942,000
Public construction	June 14	192,303,000	134,191,000	163,115,000	135,008,000
State and municipal	June 14	161,151,000	105,466,000	108,564,000	98,511,000
Federal	June 14	31,152,000	28,725,000	54,551,000	36,497,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 9	9,745,000	*8,720,000	10,020,000	9,190,000
Pennsylvania anthracite (tons)	June 9	529,000	398,000	402,000	531,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 9	124	109	129	114
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 16	11,425,000	10,951,000	10,875,000	9,987,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 14	286	257	279	214
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 12	5.179c	5.179c	5.179c	4.797c
Pig iron (per gross ton)	June 12	$60.29	$60.29	$60.29	$56.59
Scrap steel (per gross ton)	June 12	$44.83	$45.83	$55.00	$37.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 13	44.625c	44.500c	45.625c	35.700c
Export refinery at	June 13	42.400c	41.550c	43.450c	35.475c
Straits tin (New York) at	June 13	94.375c	94.125c	97.125c	93.875c
Lead (New York) at	June 13	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	June 13	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	June 13	13.500c	13.500c	13.500c	12.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 19	95.27	95.32	94.67	96.43
Average corporate	June 19	104.66	104.83	105.00	108.88
Aaa	June 19	108.16	108.34	108.16	112.19
Aa	June 19	106.56	106.74	106.74	110.70
A	June 19	104.48	104.31	104.66	109.06
Baa	June 19	100.00	100.00	100.49	103.80
Railroad Group	June 19	102.96	103.13	103.64	107.62
Public Utilities Group	June 19	105.17	105.17	105.17	109.24
Industrials Group	June 19	106.04	106.04	106.04	109.79
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 19	2.86	2.86	2.91	2.76
Average corporate	June 19	3.47	3.46	3.45	3.23
Aaa	June 19	3.27	3.26	3.27	3.05
Aa	June 19	3.36	3.35	3.35	3.13
A	June 19	3.48	3.49	3.47	3.22
Baa	June 19	3.75	3.75	3.72	3.52
Railroad Group	June 19	3.57	3.56	3.53	3.30
Public Utilities Group	June 19	3.44	3.44	3.44	3.21
Industrials Group	June 19	3.39	3.39	3.39	3.18
MOODY'S COMMODITY INDEX	June 19	414.7	415.8	420.8	410.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 9	284,576	344,224	251,309	263,819
Production (tons)	June 9	290,477	272,725	294,894	282,825
Percentage of activity	June 9	97	91	99	100
Unfilled orders (tons) at end of period	June 9	556,099	557,881	583,953	598,936
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 15	108.65	108.70	109.08	106.76
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 26	1,297,689	1,271,103	1,493,979	949,591
Dollar value	May 26	$68,176,848	$66,962,066	$80,669,715	$49,452,043
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 26	1,135,277	1,012,969	1,149,154	907,341
Customers' short sales	May 26	7,333	4,009	6,222	5,142
Customers' other sales	May 26	1,127,944	1,008,960	1,142,932	902,199
Dollar value	May 26	$61,011,108	$52,224,287	$57,937,557	$44,600,658
Round-lot sales by dealers—					
Number of shares—Total sales	May 26	295,000	245,680	262,400	239,870
Short sales	May 26	------	------	------	------
Other sales	May 26	295,000	245,680	262,400	239,870
Round-lot purchases by dealers—					
Number of shares	May 26	467,070	534,490	609,670	320,140
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 26	387,030	445,400	522,760	451,640
Other sales	May 26	11,921,680	11,309,940	13,297,780	10,318,740
Total sales	May 26	12,308,710	11,755,340	13,820,540	10,770,380
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 26	1,713,070	1,584,860	1,600,890	1,303,420
Short sales	May 26	227,370	277,520	341,490	258,740
Other sales	May 26	1,370,040	1,297,320	1,341,180	1,055,170
Total sales	May 26	1,597,410	1,574,840	1,682,670	1,313,910
Other transactions initiated on the floor—					
Total purchases	May 26	308,660	302,120	322,810	214,140
Short sales	May 26	14,300	24,450	22,000	20,070
Other sales	May 26	287,710	328,390	300,650	214,670
Total sales	May 26	302,010	352,840	322,650	234,740
Other transactions initiated off the floor—					
Total purchases	May 26	654,655	650,685	541,445	483,685
Short sales	May 26	38,570	68,990	68,110	73,030
Other sales	May 26	612,884	612,253	706,535	514,055
Total sales	May 26	651,454	681,243	774,645	587,085
Total round-lot transactions for account of members—					
Total purchases	May 26	2,676,385	2,537,665	2,465,145	2,001,245
Short sales	May 26	280,240	370,960	431,600	351,840
Other sales	May 26	2,270,634	2,237,963	2,348,365	1,783,895
Total sales	May 26	2,550,874	2,608,923	2,779,965	2,135,735
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 12	114.2	114.2	114.3	110.2
Farm products	June 12	91.4	*91.1	90.8	91.9
Processed foods	June 12	102.5	*102.9	101.8	103.6
Meats	June 12	81.1	82.9	79.6	90.2
All commodities other than farm and foods	June 12	121.4	*121.4	121.8	115.5

*Revised figure. ¶Includes 928,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of May	10,496,000	*10,536,121	10,328,316
Shipments of steel products (net tons)—Month of April	7,783,873	8,255,824	7,279,321
AMERICAN RAILWAY CAR INSTITUTE— Month of May:			
Orders for new freight cars	2,403	6,559	3,041
New freight cars delivered	6,667	5,943	4,083
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of April (in thousands)	$185,580,000	$176,760,000	$167,714,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of May 31:			
Imports	$244,830,000	$235,353,000	$206,901,000
Exports	259,207,000	239,646,000	183,114,000
Domestic shipments	11,495,000	11,407,000	11,534,000
Domestic warehouse credits	21,372,000	32,018,000	138,767,000
Dollar exchange	9,240,000	9,987,000	52,865,000
Based on goods stored and shipped between foreign countries	104,317,000	99,757,000	87,665,000
Total	$650,461,000	$628,168,000	$685,846,000
BUILDING CONSTRUCTION — U. S. DEPT. OF LABOR—Month of May (in millions):			
Total new cocnstruction	$3,659	$3,351	$3,675
Private construction	2,502	2,365	2,571
Residential building (nonfarm)	1,262	1,204	1,430
New dwelling units	1,105	1,065	1,270
Additions and alterations	121	107	133
Nonhousekeeping	36	32	27
Nonresidential building (nonfarm)	699	663	591
Industrial	247	236	183
Commercial	266	253	236
Office buildings and warehouses	101	98	89
Stores, restaurants, garages	165	155	147
Other nonresidential building	186	174	172
Religious	56	53	58
Educational	42	40	36
Hospital and institutional	24	24	30
Social and recreational	21	19	19
Miscellaneous	43	38	29
Farm construction	139	121	148
Public utility	392	369	386
Railroad	36	35	33
Telephone and telegraph	80	80	64
Other public utility	276	254	289
All other private	10	8	16
Public construction	1,157	986	1,104
Residential building	19	19	22
Nonresidential building	334	318	374
Industrial	32	31	71
Educational	216	206	211
Hospital and institutional	26	24	29
Other nonresidential building	60	57	63
Military facilities	113	98	106
Highway	470	350	420
Sewer and water	109	102	96
Public service enterprises	42	38	20
Conservation and development	54	47	53
All other public	16	14	13
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of May (000's omitted)	$289,000	$707,000	$251,000
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of May 31 (000's omitted)	$515,000	$508,000	$572,000
CONSUMER PRICE INDEX — 1947-49=100—Month of April:			
All items	114.9	114.7	114.2
Food	109.6	109.0	111.2
Food at home	107.9	107.3	110.1
Cereals and bakery products	124.5	124.4	123.9
Meats, poultry and fish	94.0	92.8	103.0
Dairy products	106.4	106.9	104.6
Fruits and vegetables	116.7	114.8	117.5
Other foods at home	110.8	110.7	109.4
Housing	120.8	120.7	119.5
Rent	131.7	131.6	129.9
Gas and electricity	111.8	111.7	110.3
Solid fuels and fuel oil	129.7	130.6	125.7
Housefurnishings	102.7	103.1	104.5
Household operation	122.1	121.6	118.1
Apparel	104.8	104.8	103.1
Men's and boys'	106.5	106.6	105.5
Women's and girls'	98.1	98.3	97.1
Footwear	123.0	121.9	116.9
Other apparel	91.1	91.1	90.2
Transportation	126.4	126.7	125.3
Public	170.8	170.8	164.8
Private	116.5	116.8	116.0
Medical care	131.6	131.4	127.3
Personal care	119.5	119.2	113.7
Reading and recreation	108.2	107.7	106.6
Other goods and services	121.4	121.2	119.8
COPPER INSTITUTE—For month of May:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	114,221	*109,279	106,773
Refined (tons of 2,000 pounds)	142,445	140,032	135,042
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	140,727	139,927	124,853
Refined copper stocks at end of period (tons of 2,000 pounds)	53,443	54,887	43,340
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of May:			
Seasonally adjusted	142	143	138
Unadjusted	142	144	138
LIFE INSURANCE — BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of April:			
Death benefits	$205,500,000	$207,900,000	$180,900,000
Matured endowments	53,600,000	55,000,000	45,400,000
Disability payments	9,700,000	9,300,000	9,100,000
Annuity payments	41,600,000	40,000,000	34,000,000
Surrender values	85,200,000	83,700,000	73,900,000
Policy dividends	83,900,000	112,300,000	75,800,000
Total	$479,500,000	$508,200,000	$419,100,000
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of May:			
Net sales	------	------	------
Net purchase	$5,720,050	$46,717,700	$18,878,300
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of June 1 (bushels)	670,375,000	681,432,000	705,372,000

Bankers Offer $166 Million Grant County Public Utility District Revenue Bonds

Nationwide syndicate managed by Halsey, Stuart & Co. Inc., John Nuveen & Co., Inc., B. J. Van Ingen & Co., Inc., and Blyth & Co., Inc., marketing Columbia River-Priest Rapids Hydro-Electric 3⅞% tax-exempt obligations at price of 99, to yield about 3.92%.

Halsey, Stuart & Co. Inc.; John Nuveen & Co. Incorporated; B. J. Van Ingen & Co. Inc. and Blyth & Co., Inc. are joint managers of a nationwide investment banking syndicate offering $166,000,000 Grant County, Washington, Public Utility District No. 2, Columbia River-Priest Rapids Hydro-Electric Production System 3⅞%, revenue bonds, series of 1956, due Nov. 1, 2005. The bonds are priced at 99% and accrued interest, to yield approximately 3.92%.

Net proceeds from the sale of the bonds will be used to finance the construction of a dam and hydro-electric plant of 678,000 kw peak capacity across the Columbia River in Grant and Yakima Counties, Washington. The dam site is located about 150 air miles northeast of Portland, Oregon; 130 air miles southeast of Seattle, Washington, and 140 air miles southwest of Spokane, Washington.

Interest on the bonds is exempt, in the opinion of counsel from all present Federal income taxes under existing laws, regulations and rulings.

The bonds will have the benefit of an anual sinking fund, beginning in the 12 months ending Nov. 1, 1963, designed to retire the entire issue by maturity, and they will also be redeemable at the option of the District in whole at any time on and after May 1, 1966 at redemption prices ranging from 103% to 100%, and in part on any interest payment date on or after May 1, 1961 at 100% from certain specified funds, plus accrued interest in each case.

Public Utility District No. 2 has already entered into Power Sales Contracts expiring on Oct. 31, 2005 with 12 purchasers, who will purchase 63.5% of the projected output of power and energy at the Priest Rapids site. The balance of 36.5% of the power and energy to be produced at the new plant will be retained by the District for its own use or sale.

Under the provisions of Public Law 544 of the 83rd Congress and the Federal Power Commission license approved on Nov. 4, 1955, relating to the Priest Rapids Project, approximately 31% of the output of the initial plant will be marketed in Oregon, 4% in Idaho-Montana and 28.5% by certain utilities within the State of Washington.

The purchasers and the percentages allocated to them are: Pacific Power & Light Co., 13.9%; Portland General Electric Co., 13.9%; the City of Seattle, 8%; the City of Tacoma, 8%; Puget Sound Power & Light Co., 8%; Washington Water Power, 6.1%; Cowlitz County P.U.D. No. 1, 2%; Kittitas County P.U.D. No. 1, 0.4%; and four Oregon cities, Eugene, 1.7%; Forest Grove, 0.5%; McMinnville, 0.5%; and Milton - Freewater, 0.5%.

Public Utility District No. 2, of Grant County, Washington, was voted into existence in 1938 and since March, 1942, it has owned and operated a profitable and rapidly expanding electric distribution system currently serving without competition more than 13,000 customers located in substantially all of the populated areas of Grant County. With demands for electric power mounting rapidly and steadily, projections are that the energy deficit in the Pacific Northwest will be around 2,355,000 kilowatts by 1966.

The Priest Rapids Project as recommended by the U. S. Corps of Engineers in its 1948 report was authorized for Federal construction by act of Congress in 1950. Congress did not, however, appropriate funds for the construction of the Project, even though the Pacific Northwest region was beginning to experience a shortage of electric energy. Failure of Congress to appropriate the necessary funds, coupled with increased needs for an assured power supply, led Public Utility District No. 2 of Grant County to apply to the Federal Power Commission for a preliminary permit for the Project on July 22, 1952. Following the enactment on July 27, 1954 of legislation by the 83rd Congress, the Federal Power Commission authorized the preliminary permit and later a license to the District for construction of the Priest Rapids Project.

The facilities to be constructed at the Priest Rapids site will probably be the first of the "partnership" projects advocated by the present administration. A low bid of $91,880,625 to build the Priest Rapids dam and hydro-electric plant was submitted by Merritt-Chapman & Scott Corporation. The powerhouse will contain eight turbine - generator units capable of a peak capacity of 678,000 kilowatts. It is estimated that the job can be completed by October, 1961.

U. S. Life Ins. Co. Stock Offering Underwritten

A group of 129 underwriters headed by William Blair & Co., The First Boston Corp. and Carl M. Loeb, Rhoades & Co. is today (June 21) offering 625,070 shares of $2 par value capital stock of the United States Life Insurance Co. in the City of New York, at $26 per share. Of these shares, 550,064 are being sold by the Continental Casualty Co. and the Continental Assurance Co.

At the same time the company is offering to its stockholders of record June 7, 1956, one new share for each ten shares held, at $26 a share with the offer to expire on Monday, July 9, 1956. The Continental companies have agreed not to exercise their subscription warrants which total 75,006 shares, and these shares are part of the stock being offered by the underwriters.

Proceeds from the sale of stock by the United States Life Insurance Co. will be added to the general funds of the company, and will be invested in income producing securities or used to expand agency operations.

The United States Life Insurance Co. is the oldest stock legal reserve life insurance company in the United States. It offers a variety of individual and group life insurance policies as well as individual and group accident and health coverages. Total life insurance in force on March 31, 1956, was $864,597,606 and admitted assets totaled $79,727,837.

Bernard Berk Partner

Bernard Berk & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange, on July 1 will admit Ann Jacqueline Berk to limited partnership.

Saul Feldman Opens

Saul Feldman is conducting a securities business from offices at 330 East 79th Street, New York City.

Continued from page 2

The Security I Like Best

requirements. This involved North Canadian's building a 10-inch pipe line 136 miles to the nearest gas field.

Having made these tentative arrangements, North Canadian set about raising the necessary money for this extensive undertaking through the sale of preferred stock and bonds. It was able to raise approximately $10 million from Canadian investment sources to cover the cost of the pipeline and to supply its own share of equity capital for the pulp mill. The subsidiary company, Northwest Pulp & Power Co., owned jointly by North Canadian and St. Regis, then arranged for $25 million of bank loans from two Canadian banks, sufficient, with the equity capital, to build the mill and take care of the service of the loan while the mill is under construction. So clearly North Canadian's financial structure is one of heavy debt overlying a modest preferred and common stock capitalization. From this angle the common stock would be considered highly speculative were it not for the inherent soundness of the venture and the association with a partner of the quality of St. Regis.

A recent bulletin issued by the company's public relations counsel estimates that North Canadian will ultimately derive over a million dollars profit from the sale of gas to the pulp mill and other customers along the route of its pipeline. Upwards of $10 million, before depreciation and taxes, are the estimated earnings of the pulp and paper mill. The net profit, of course, is divided with St. Regis. North Canadian has presently outstanding 4,700,906 shares of common stock and 215,000 shares are reserved for outstanding warrants and options. Calculating some 5,000,000 shares ultimately outstanding, these estimated earnings would appear to afford ample net earnings per share to warrant considerably higher than the present price of the stock (5½).

But this is not a stock that one should buy with the expectation of a handsome dividend income in the near future. The bankers who have loaned North Canadian large sums of money for the pipeline and mill have imposed strict conditions for a fairly heavy retirement of this debt, a usual procedure in construction loans. But retirement of debt inures to the benefit of stockholders through increasing their equity in the company's properties.

A few additional facts should be noted: The stumpage cost of $15 per cord of wood cut from the government reservation compares with costs of $25 to $30 paid at other Canadian pulp mills. The Athabasca River which runs through the property, assures abundant water supply, much needed by a paper mill. The mill will be equipped with the latest and most efficient machinery and will use a Scandinavian process, which has proved highly successful abroad. St. Regis has made the statement that the finished pulp will be of superior quality and can be used in the manufacture of almost every grade of white paper. Investors have been made aware, through the action of the market of the leading paper company stocks, of the rapid expansion taking place in the paper industry, which shows little sign of abating. This new mill should be operating next spring.

It might well be asked why a stock of this type and quality is recommended at this time, in contrast with many "blue chips" on the market. It is largely because the market prices for this latter type of stocks have risen to such heights that they appear to discount a good deal of the future. Moreover, we may be in the last stages of this bull market, from which a substantial setback is possible. A new venture of this type promises to be able to compete in the pulp and paper market, because of its low production costs not only at present high prices for its commodity, but at much lower price levels as well.

There is, of course, a degree of speculation in North Canadian Oil. But the speculation is largely *on the time element* rather than upon whether it will or will not be a successful venture. At this stage of the stock market safe and profitable investments become scarce. Discrimination and patience are the watch-words. It would seem to be safer to be in a business that is starting with such good auspices, is in a fundamentally important line of manufacture, and which will be required to rapidly pay off its initial debt; rather than to buy stock in a company that must now borrow large sums of money to increase its sales and earnings, if it is to justify the present price of its stock.

Joins Grimm & Co.

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — Samuel E. Moyer is now with Grimm & Co., 65 East Robinson Avenue.

New Reynolds Branch

CHARLOTTE, N. C.—Reynolds & Co. announce the opening, on June 15, 1956, of a new branch office at 221 South Church Street, under the management of Wylie H. Arnold. Mr. Arnold was formerly with Merrill Lynch, Pierce, Fenner & Beane.

DIVIDEND NOTICES

CITY INVESTING COMPANY

25 BROAD STREET, NEW YORK 4, N. Y.

The Board of Directors of this company on June 20, 1956, declared a dividend of 20 cents per share on the outstanding Common Stock of the company payable August 15, 1956, to stockholders of record at the close of business on July 25, 1956.

JOHN A. KENNEDY
Vice President & Secretary

CONSOLIDATED NATURAL GAS COMPANY

30 Rockefeller Plaza
New York 20, N. Y.

DIVIDEND No. 34

THE BOARD OF DIRECTORS has this day declared a regular quarterly cash dividend of Forty-Two and One-Half Cents (42½¢) per share on the capital stock of the Company, payable on August 15, 1956 to stockholders of record at the close of business July 16, 1956.

R. E. PALMER, *Secretary*

June 14, 1956

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

— oOo —

At a meeting of the Board of Directors held today a dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1956, payable in Canadian funds on August 1, 1956, to shareholders of record at 3:30 p.m. on June 22, 1956.

By order of the Board.
FREDERICK BRAMLEY,
Secretary.

Montreal, June 11, 1956.

With Jones, Kreeger

(Special to THE FINANCIAL CHRONICLE)

LAKE WALES, Fla.—Louise E. Cain has been added to the staff of Jones, Kreeger & Hewitt, Walesbit Hotel.

McInnes Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Oliver F. Chambers has become affiliated with McInnes & Co. Inc., Huntington Medical Building.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ga. — William R. Paschal is now with King Merritt & Co.. Inc.

DIVIDEND NOTICES

USMC

UNITED SHOE MACHINERY CORPORATION

204th Consecutive Quarterly Dividend

The Board of Directors has declared a dividend of 37½ cents per share on the Preferred stock and 62½ cents per share on the Common stock, both payable August 1, 1956 to stockholders of record July 3, 1956.

WALLACE M. KEMP,
Treasurer

June 13, 1956

New England Gas and Electric Association

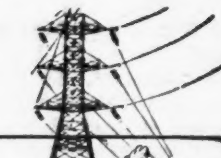
NEGEA

PREFERRED AND COMMON DIVIDENDS NOS. 37

The Trustees have declared a quarterly dividend of $1.12½ per share on the 4½% CUMULATIVE CONVERTIBLE PREFERRED SHARES of the Association payable July 1, 1956, and a regular quarterly dividend of twenty-five (25¢) per share on the COMMON SHARES of the Association payable July 15, 1956. Both dividends are payable to shareholders of record at the close of business June 26, 1956.

H. C. MOORE, JR., *Treasurer*

June 14, 1956.



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

COMMON STOCK
Dividend No. 186
60 cents per share.

PREFERENCE STOCK,
4.48% CONVERTIBLE SERIES
Dividend No. 37
28 cents per share.

PREFERENCE STOCK,
4.56% CONVERTIBLE SERIES
Dividend No. 33
28½ cents per share.

The above dividends are payable July 31, 1956, to stockholders of record July 5. *Checks will be mailed from the Company's office in Los Angeles, July 31.*

P. C. HALE, *Treasurer*

June 15, 1956

Edison

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—What the Senate Internal Security subcommittee is believed aiming at is a study, with public hearings, which will point up the need for legislation setting up some kind of a system for registration of foreign funds which obtain control of key American companies engaging in national defense work or on contracts for atomic energy installations, it was explained.

This registration would serve a purpose of public disclosure of foreign interest and clientele, analogous to the now required registration of foreign agents and propagandists in this country, it was stated.

This will be a substantial undertaking requiring some considerable time. Hence legislation is not likely to be proposed for passage this year.

The Internal Security subcommittee is a part of the Senate Judiciary committee. Senator James O. Eastland (D., Miss.) is chairman of both the full committee and the Internal Security subcommittee. The new group which will study the need of some limited form of registration of foreign ownership of American corporations, is a subcommittee within the Internal Security subcommittee. The membership consists of two Senators, Olin D. Johnston (D., S. Car.), chairman, and William E. Jenner (R., Ind.).

The first hearing in this new project was held last Friday, to hear Arthur I. Bloomfield, senior economist of the Federal Reserve Bank of New York and Fred Klopstock, chief of that bank's balance of payments division. They gave the hearing the record and figures of what the Federal Reserve knows about foreign investments in this country. It appeared that little substantive information is known about the possible ultimate ownership of some foreign funds in this country.

Worried Over Russian Angle

Senator Olin Johnston, in a statement opening the hearings, indicated the subcommittee was worried about the possibility of Russian ownership of American companies.

"The subcommittee has been taking testimony which indicates that Communists in the United States became increasingly active in the late 1940's in industrial investments," the Senator said. "We know from our testimony that Communists here are becoming more and more interested in capital enterprises." He was apparently referring to testimony taken in executive session.

Very shortly—and it may already have been held this week—the subcommittee was having a hearing in public to elicit from the Commerce Department what the latter knows about the true or ultimate ownership of some companies which seemingly have passed into control of foreign hands.

Next in line was testimony to come from Defense establishments as to the latters' apprehensions about possible quiet and anonymous foreign acquisitions of certain American companies.

Finally, the subcommittee is said to have picked up leads in its secret testimony as to some actual companies that, while officered by and remaining nominally American in nationality, are actually owned by foreign principals. The officers of some of these companies will be called in public hearings, it was stated, to tell what they know of foreign ownership.

The Security Angle

The security angle, which is the chief concern of the Internal Security subcommittee, is that nominally American firms which actually are foreign owned, may be in a position to pass on top secret defense and atomic energy secrets to foreign principals, it was stated, thereby providing a big security leak.

Other Aspects Studied

While the principal concern of this subcommittee is the security angle, it is also thought possible that foreign funds may provide a means whereby illegal operations, such as dope rings, first invest their money abroad and then re-invest it as "foreign funds" in American enterprise, reaping the tax benefit foreigners get over American recipients of dividends.

"What we want to try to find out is just who is that anonymous person who transfers funds from a, say, numbered Swiss bank account and in turn converts that into control of an American company," said a committee source.

Pay Up Time Coming

That "pay up time" is coming much sooner than expected in the Old Age and Survivors' Social Security program is the burden of the report of the OASI Trust Fund Trustees', whose broad implications got little notice in the daily press.

Only four or five years ago, the excess of "trust fund" receipts over disbursements for social security were in the magnitude of $4 to $5 billion annually, creating each year a "cash surplus" that left the Federal Government in comfortable shape.

The members of the OASI trust fund are the Secretary of Welfare, the Secretary of the Treasury, and the Secretary of Labor. OASI disbursements in fiscal 1955 were net, $4,433 million, to which were added $103 million of administrative expenses, bringing total disbursements of $4,436 million. However, payroll taxes collected from the beneficiary groups amounted to $5,087 million. In other words, the excess of payroll taxes deducted for social security over disbursement for social security was only $651 million.

However, the OASI trust fund paid "interest" of $448 million on the $21-billion "trust fund," in other words, on the previous surplus of collections already covered into the Treasury and spent for general government purposes. In brief, the taxpayers kicked in $448 million of current contributions so that the "total added" to the trust fund was $1,098 million (the difference of $1 million due to rounding of figures).

1954 Act Broadens Coverage, Benefits

Under the Social Security Act of 1954, both coverage and benefits of Social Security were broadened, but despite bringing in some 10 million new taxpayers (and later beneficiaries) the growth in benefits outstripped the growth in tax collections, the trustees reported.

"Both disbursements and receipts showed an increase over fiscal year 1954. Disbursements rose $1,072 million or 32% and receipts, $495 million or 10%. The increase in disbursements was the combined result of the coverage extension and the liberalized eligibility and benefit provisions included in the amendments adopted during 1950-54 and the long-term growth of the aged population and the proportion of the aged eligible for benefits. The rise in trust-fund receipts is accounted for chiefly by the increase in the contribution rate which went into effect Jan. 1, 1954, and the extended coverage provisions effective Jan. 1, 1955."

In other words, the trustees imply that, considering the great liberalization of Social Security over the last few years, if President Eisenhower had not been able to persuade the Congress in 1954 to extend coverage to 10 million additional persons, the "pay up time" would indeed be very close, considering the liberalization of benefits and eligibility. That is because, in "extending coverage," the Federal Government first enveloped a group of 10 million additional taxpayers who began to pay in taxes before they began to become eligible to receive benefits.

The trustees in their report only promised that payroll taxes would finance disbursements during the next five years, and in an obvious effort to get out from under the fiscally-debilitating effects made suggestions for reimbursing the trust fund. The pertinent paragraphs on those subjects follow.

"It is estimated that aggregate income from contributions and interest on investments of the trust fund during the five-year period immediately ahead will be wholly sufficient to meet aggregate disbursements of the old-age and survivors insurance program during this period. Long-range actuarial studies show that, on the basis of high employment assumptions, the level-premium cost at 2.4% interest ranges from 6.61 to 8.57% of payroll, depending on the combination of cost assumptions selected.

"Under legislation enacted in 1946, the trust fund was reimbursed out of general revenues for noncontributory benefit payments arising from credit for military service. As a result of legislation enacted in 1950, 1952, 1953, and 1955, all noncontributory benefit payments after August 1950 on account of credit for military service have been made from the trust fund with no provision for reimbursement. The Board of Trustees believes that these additional costs, including the administrative expenses involved, should not be borne by the trust fund out of the regular social security tax collections. Instead, it believes that they are a proper charge against the general fund of the Treasury, just as are other costs of maintaining the Armed Forces.

"Under present statutory provisions, the interest rate on special obligations purchased by the trust fund is based on the average interest rate on all outstanding Federal securities, including short-term obligations. The fund's assets, however, are available for long-term investment. The Board of Trustees therefore believes that section 201 (c) of the Social Security Act should be amended so as to earn the higher interest rate paid by long-term securities, thereby increasing the assets of the fund and affording greater protection to the workers of America and their families who are insured in the trust fund. The Board believes that obligations of less than five years should be eliminated in computing the interest rate for special Government issues acquired by the trust fund."

[*This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.*]

BUSINESS BUZZ

"So THIS is what you meant by being a big wheel down at the exchange!"